

← WEEK
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← YEAR
AGO

BUSINESS WEEK



On Okhotny Road: tanks—on Wall Street: a price rise.

BUSINESS
WEEK
DEX

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3600 horse laughs to anyone who says democracies are not efficient

You hear some defeatists moan that all this war effort is hopeless—it's too late—that democracies act too slowly to compete with the cold-blooded efficiency of totalitarian powers.

That's bunk.

America became the greatest power in the world not by quitting, but by working. And we're working now as we never worked before.

Probably hundreds of companies have records as good as ours—we quote ours only because we know it. And it makes heartening reading—

1929 was our biggest year up to that time. But this year we will turn out 5 times as many turret lathes as in 1929. They are going into defense industries where hundreds of them are already at work, turning out parts for the planes, guns and tanks which are making America strong.

In 1929 we had 600 skilled men; today we have 3600, most of them trained in the last two years. Every Warner & Swasey Turret Lathe today passes the same searching inspection as in peace time—and still, 5 times the production with only 6 times the man power, many of them new and about two-thirds on night shifts! Let's see any totalitarian power equal that!

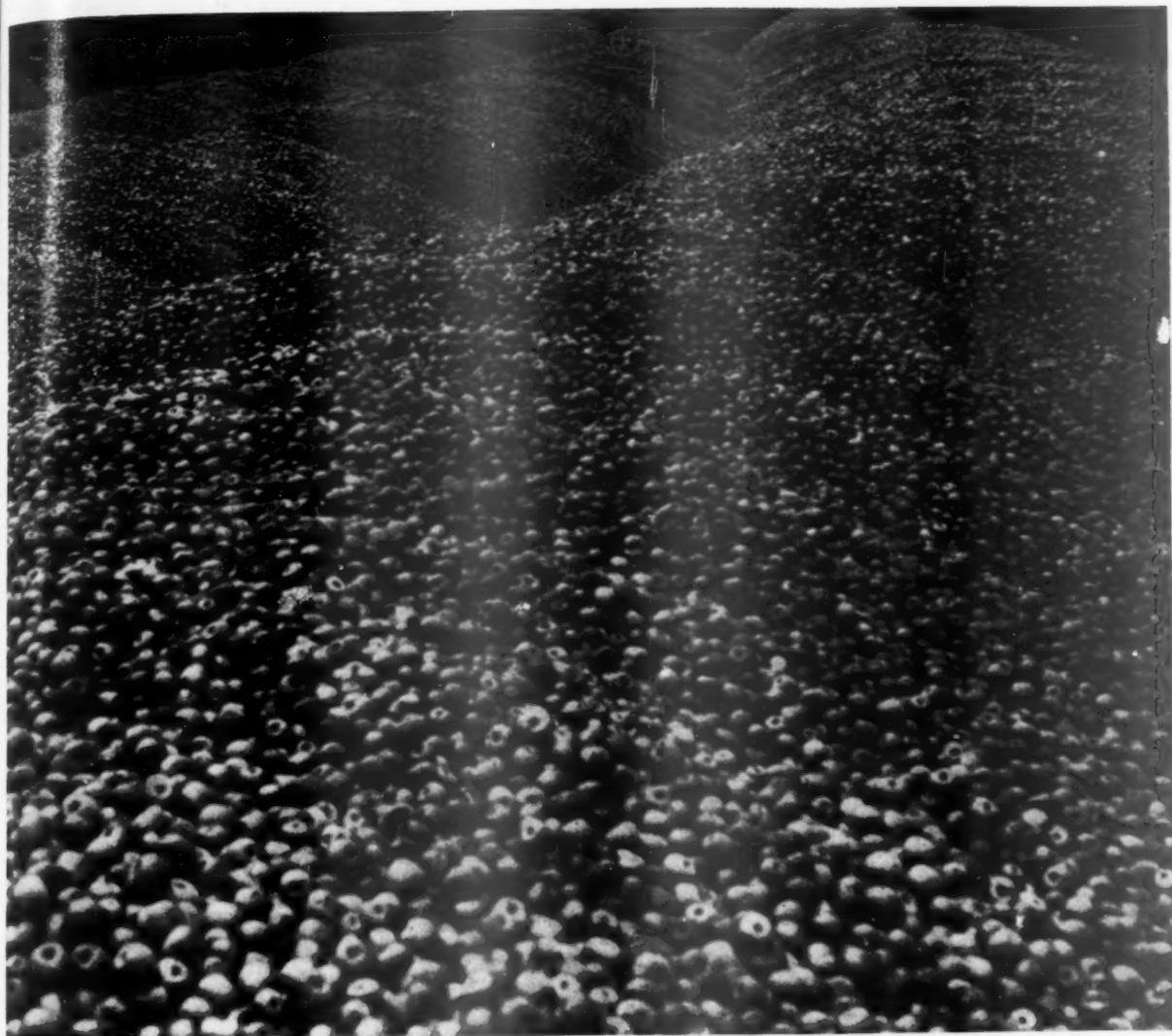
These 3600 Americans—and countless others in other plants—are seeing to it that the men in camps get the equipment they need to keep liberty alive.

America is at work, and the roar of its machinery is the best possible answer to the quitters and the Quislings.



**WARNER
&
SWASEY**
Turret Lathes
Cleveland

YOU CAN TURN IT BETTER, FASTER, FOR LESS... WITH A WARNER & SWASEY



That's a lot of applesauce but it's rubber's dish

A typical example of Goodrich improvement in rubber

MOUNTAINS OF APPLES like this used to be wasted every year. Then somebody added canned applesauce to America's diet, and the fruit was saved.

But to make the best sauce, apples have to be picked ripe. That means quick processing before they spoil. This vital speed is provided by conveyor belts. From storage to washing, grading, cutting, cooking, Goodrich conveyor belts, like long traveling platforms, have carried millions of apples that were made into hundreds of tons of applesauce.

While the apple rush is on, there's

no time for belt repairs or even care; a breakdown might let thousands of dollars' worth of apples spoil; the belts have to operate in spite of being soaked in fruit juice acids. B. F. Goodrich engineers studied the problem, recommended the exact belt for the job. Strangely enough it was similar to a belt they had developed for use in stone quarries where it had to take constant abuse under all sorts of working conditions and still not break down.

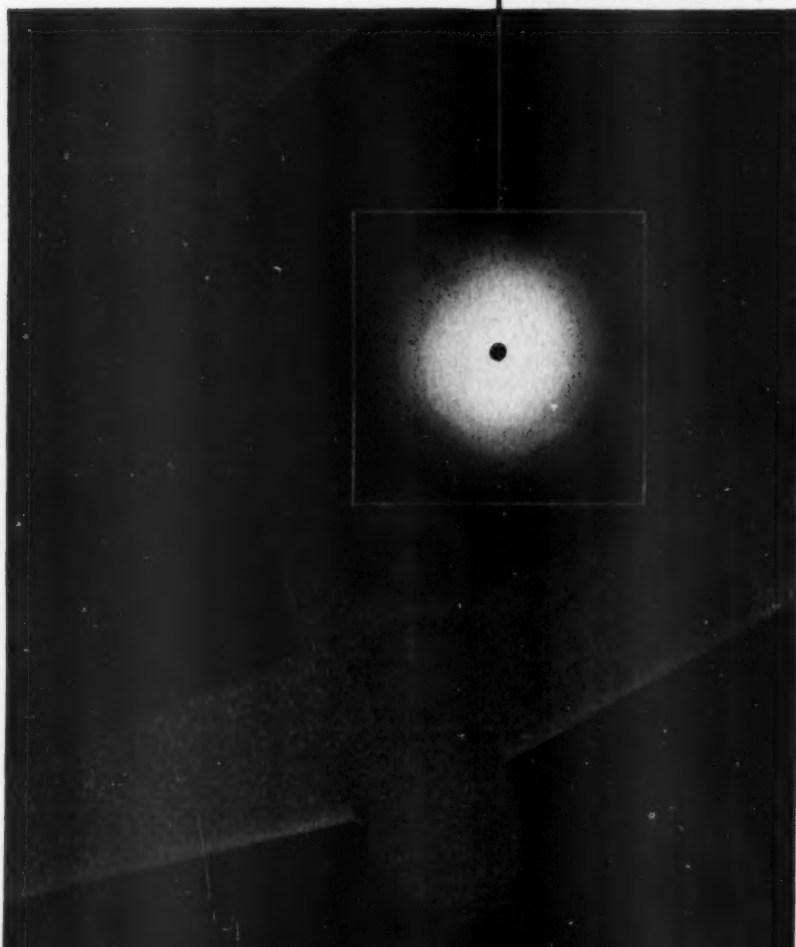
These B. F. Goodrich belts went into one, then many applesauce plants. They have been working for years

without a failure, rushing apples from field to can to freight car at low cost.

Because of their long and intimate experience with the tough problems of many industries, B. F. Goodrich engineers are good men to know whether your worry is something new or how to increase production or how to reduce costs. To get their help all you need do is call your Goodrich distributor or write *The B. F. Goodrich Company, Mechanical Goods Division, Akron, Ohio.*

B. F. Goodrich
First IN RUBBER

Smallest ball bearing ever made in America. Has 3 balls, equally spaced by a separator... is no bigger than the head of a pin. Of characteristic New Departure precision manufacture



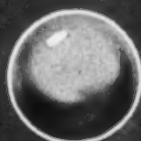
EXPERIENCE —Priceless in the Defense Effort

In every plane being produced by "democracy's arsenal," from 20 to 800 precision ball bearings, from this size up, assure dependable performance of the instruments. From priceless experience, New Departure knows how to combine precision manufacture with quantity production to produce aviation bearings of

Quality

New Departure
THE FORGED STEEL BEARING

NOTHING ROLLS LIKE A BALL



NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT

BUSINESS WEEK

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THE PICTURES

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A McGRAW-HILL PUBLICATION

The eyes of George Washington ...

first saw "the shape
of things to come" in
THE CHESSIE CORRIDOR



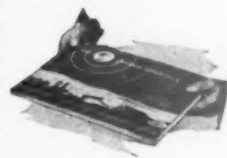
WHEN the land west of Albemarle County, Virginia, was largely wilderness, George Washington gazed through a surveyor's theodolite and saw . . . *the future!* He foresaw "a rising empire" of commerce—yet he didn't know of the enormous resources beneath his feet . . . resources which today bring more and more factories into industry's next great expansion area . . . *The Chessie Corridor.*

Here, economically close to major markets, diverse industries prosper . . . drawing upon *The Corridor's* rich minerals and the yield of farm and forest . . . using *The Corridor's* unlimited low-cost power . . . employing the region's native-born working

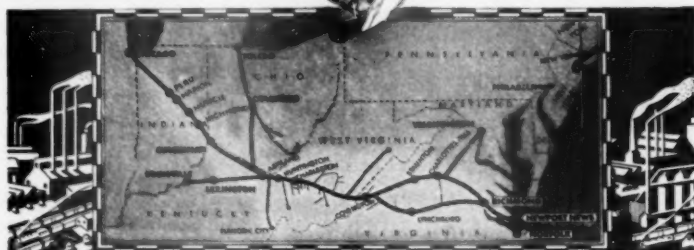
people. Perhaps *your* business is destined for future expansion here. As a responsible executive, you should know the entire story.

FACTS . . . for the man who makes decisions

Information on this important area is now organized and available in a new 56-page book you'll be proud to have in your library—"The Chessie Corridor—Industry's Next Great Expansion Area." This beautiful book is a graphic survey of the resources, conditions and opportunities which beckon industry to *The Corridor*. Copies will be mailed to business executives requesting them from INDUSTRIAL DEVELOPMENT SERVICE, Chesapeake and Ohio Lines, Huntington, W. Va.



"Will a cute little kitten be the symbol for Industry's next great expansion area?"



THE CHESSIE CORRIDOR * Served by **CHESAPEAKE and OHIO LINES**

The fish that swims upstairs!



MAN-MADE FISH LADDERS, like this, help the sturdy salmon fight its way upstream to spawning grounds in Oregon and Washington rivers, but the fish more than pay their way.



FOR SALMON, canned and fresh, is one of the biggest items in the millions of dollars of seafood that are shipped annually from the Pacific Coast over the Northern Pacific Railway to eastern markets.



FOR THIS vast industry, centering in the waters of Washington, Oregon, and Alaska, Northern Pacific is the natural route to eastern markets and great plains areas. just as to the eastern shipper, its fast freight service makes it—

"The Main Street of the Northwest"

R. W. Clark, Vice President—Traffic
St. Paul, Minnesota



BUSINESS WEEK

and The ANNALIST

June 28, 1941

DIVORCE BY BLITZKRIEG

Why did the Hitler-Stalin "marriage of convenience," now less than two years old, go on the rocks? That was the dominant question this week as Soviet tanks moved up to the front to meet the German assault—tanks like those shown on the cover rolling down Moscow's Okhotny Riad (which is Russian for "Hunter's Row," so-called because it was once a great fur market). Why had the break come now? What does it mean in London? In Tokyo? In Washington? For the probable short- and long-term effects on American business—page 15.

DEFENSE LABOR POLICY

If an employer thought he was headed into some labor trouble and wondered, in the light of recent federal actions, whether things are different under the defense program from what they had been under the first two terms of the New Deal, he could do nothing more enlightening than examine carefully the operation of the National Defense Mediation Board. That agency is the keystone in defense labor policy and what it does, and won't do, will set the labor relations tune. The Labor Editor puts it—and its new top man—under a microscope (page 44).

STORY BEHIND A STORY

This is one of those stories that can never be proved, but whether it's apocryphal or authentic, it is one that was going the rounds this week in Detroit as the "real story" of how it happened that Ford decided to give C.I.O. the union shop and check-off (page 40). It goes like this: When a company official took the original union demands to Henry Ford, Ford asked, "What do you think we ought to do about them?" "Turn 'em down," the official replied. "Why?" was Ford's next question. "Well," he said, "if we give in now, they'll be back soon yelling for a union shop." "Hmm," Ford considered, "what then?" "Well, then they'll put the squeeze on us for a check-off." "Hmm," Ford mused, "what then?" "Why, then . . . then . . .," the official pondered, gathering his imagination for a supreme effort, "why then, they'll ask for the earth with a fence around it." "Ah-ha," came Ford's decision, "that we can't give them. But if we're going to give them any of those other things let's give all of them now and have it over with."

BLESSING IN DISGUISE

On the face of it, OPM's rationing program for rubber may look like trouble for the industry. Actually, however, the enforced consumption cut is likely to do more good than harm by bringing about long-needed reforms (page 20). Some of the housecleaning that rationing will encourage: elimination of bargain sales and performance guarantees; a pruning job on superfluous models in over-complicated lines.

WHERE TO FIND IT

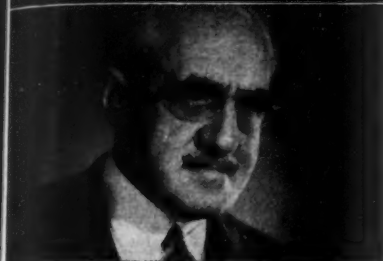
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"WHAT...YOU MAKE BOILERS

BUT TELL ME NOT TO BUY ANY?"

No. 1—An Actual Experience
from the sales records of
COMBUSTION ENGINEERING CO., INC.

THE PROBLEM



1. Here's an executive of a large transportation company that's considering the replacement of two seemingly run-down old boilers.



2. His reasons? Plenty! Plant operation is suffering from efficiencies dropped to 60% and less. Also refractory maintenance is way out of line.



3. When the C-E salesman arrives, he finds specifications all prepared for a complete job . . . new boiler and new coal burning equipment.

THE SOLUTION



4. As usual, C-E Engineers study the problem before making their proposal. Result—they can't justify a completely new unit. Basically, the old boilers are sound enough. Sure, they need complete re-setting; some modernizing; and new stokers.



5. Sounds screwy, a proposal that omits the boilers being offered by the company with the most complete line of boilers. But it promises to give the customer all he needs. Besides, it saves about half the cost of the contemplated complete new unit.



6. Sure, the customer's bowled over. But he's also impressed by this conscientious solution of his problem. Cautious, despite the welcome saving, he has his company's engineers double-check the alternatives before the contract goes to C-E.

THE RESULT



7. First tests after the installation confirm the seemingly radical judgment of C-E Engineers. Efficiencies are up above 80% and steam generating capacity is more than adequate.



8. Best of all . . . this pleases everybody . . . savings from low maintenance and reduced fuel costs indicate that the purchase price will be paid off when the installation is only two years old.

This experience has benefits for you. It illustrates C-E's long-range sales policy of finding the most economic solution of the customer's problem even though such a solution may result in less business for us. There are two reasons for this policy. First, C-E has a reputation for conscientious counsel that must be protected—at all costs. Second, this policy helps us to acquire satisfied customers who return to C-E for future requirements with a feeling of the utmost confidence in whatever is recommended.

A-591

World's Most Complete Line of
Steam Generating and Related
Equipment for all Industrial Service.

{ BOILERS • STOKERS • PULVERIZED FUEL SYSTEMS • FURNACES • STEAM
GENERATING UNITS • SUPERHEATERS • AIR HEATERS • ECONOMIZERS
CHEMICAL RECOVERY UNITS • DRYING AND INCINERATION SYSTEMS



COMBUSTION ENGINEERING COMPANY, INC. 200 MADISON AVE. NEW YORK, N. Y.



No heroics about the American farmer. He's a production unit, tooled up, priority-ed, and already in high gear production on the biggest job in his history. He's got to feed America and Britain for the duration—and the entire world during the eventual reconstruction.

Willy-nilly he's going to make money—during and after the war. He's making it right now, while his "unfilled orders" are only starting to pile up. He's a market to make your mouth water—guaranteed prosperous whatever happens to the world. You don't have to chase

him into new camps or housing developments. You don't have to worry whether he'll strike. He's home doing his duty, earning more than ever, and buying your goods.

Investigate this. See the facts that prove *farmers are customers* to a degree that makes them vast consumers of advertised goods. Study their brand purchases as actually reported in over 2000 farm homes. This coupon or a 'phone call to your nearest Farm Journal office will bring you the facts.

GRAHAM PATTERSON, *Publisher*
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**FARM
JOURNAL**
and Farmer's Wife

America's LARGEST Rural Magazine
2,575,000 Circulation

FARM JOURNAL & FARMER'S WIFE
Washington Square, Philadelphia

Send me your detailed analysis of what American farm homes buy from national advertisers. Plan, too, to send me your "Continuing Study of Farm Family Purchasing"—a periodic report of current changes in farm-family buying.

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Title.....
Firm Name.....
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City.....

WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Streamlining OPM

Roosevelt is still not ready to undertake a complete shakeup of the defense setup. He may not have to if the reorganization of OPM announced this week fills the bill. The job being done on OPM by OPM is not fundamental; its personnel remains essentially unchanged, although its method of operation will be streamlined to permit "one-stop service" for industry. After the procedural changes are effected, industry representatives will be able to get action on all important matters—whether they involve priorities, purchases, or production—by dealing with a single unit instead of having to trot around to various divisional offices.

Along Commodity Lines

This objective will be achieved by reorganizing OPM along commodity lines, establishing perhaps as many as 30 sections inside OPM, each dealing with a single commodity or product—steel, machine tools, airplanes, etc.—and each empowered to make the necessary decisions, subject to approval by Stettinius, if it involves priorities; by Nelson, if purchases; by Biggers, if production.

Outside OPM but working closely with the various sections, there will be a comparable number of industry committees. Sidney Weinberg, OPM's Assistant Director of Purchases, is the man to see about establishing these liaison or advisory groups, whose personnel must be acceptable to OPM, OPACS, and other defense agencies.

Civilian-Supply Contact

These OPM commodity groups will also serve as industry's point of contact on problems involving the rationing of civilian supplies, for the Office of Price Administration and Civilian Supply will be represented in each of the sections.

Other federal agencies with a special interest in any given commodity will also be tied into the new structure. Thus, for example, OPM's power section will function in conjunction with the Federal Power Commission and its petroleum section will work with Oil Coordinator Ickes. Just how the new setup will function in helping to unsnarl problems involving the transportation of defense goods hasn't yet been decided.

Henderson's Position

Although industry will be able to get answers to questions of supply-rationing

by working through the OPM groups, it can't look to them for any help on prices. Leon Henderson isn't going to surrender one bit of OPACS' authority in that field. As a matter of fact, he's constantly trying to get more power and more certain power, although neither the President nor Congress gave him any encouragement this week to ask now for specific statutory authority to fix prices.

Undaunted, OPACS' administrator moved against rising prices on many fronts—pig iron, tungsten steel scrap, railroad car wheels, automobiles, tires, bread, furniture, refrigerators.

• **Test Ahead**—Chrysler's refusal to accede to Henderson's request that price advances be rescinded may furnish the answer to whether or not OPACS needs statutory authority to enforce its decrees, for Henderson declared that he was now "forced to take the pricing of automobiles out of the hands of the industry."

New Over-All Authority?

Roosevelt didn't take a hand in OPM's reorganization—it was wholly OPM's own effort to reduce confusion in its relations with industry—but there is talk of his having a personal representative in the office to see how it works out and to act as his eyes and ears generally. The man slated for the job is Wayne Johnson, one of F.D.R.'s close personal friends and treasurer of the Democratic National Committee.

Meanwhile, there's talk about creating a new over-all body to guide defense policy, to coordinate OPM's production job, lease-lend aid, price control, military requirements, and all the other facets of the rearmament effort. Participating in the discussion are Knudsen, Nelson, Henderson, Morgenthau, Biggers, Stettinius, Patterson, Forrestal, and Wallace.

To Meet Tool Needs

When some of the plant capacity of consumer goods factories is freed, as a result of the restrictions placed on the output of civilian goods, those manufacturers will be switched into the production of munitions—but not right away. For the present they are much more likely to lose the machines which are released by the reduction in output to arsenals or "defense industries holding high priority contracts." The President says that is necessary to meet "the immediate situation," although he recognizes that "in the long run . . . subcontracting and a wider use of consumer

goods manufacturers for defense purposes . . . will greatly increase production" (page 16).

• **They Know What They Want**—OPM has a pretty good idea where the machine tools are that are needed for the defense job. In its work of regulating used tool prices, it has accumulated a complete catalog of used tools now for sale and has started to work up an inventory of all the 21 types of tools considered critical. To do this, it is going into the sales records of tool makers over the past ten years or so and tracking down the whereabouts of the tools.

Exit from OPM

Paid trade association officials now serving in consulting or advisory capacities in OPM on matters affecting their own industries must quit either their association or defense job. The new policy serves both as a self-protective device for OPM and as a means of graceful exit from the Washington scene by officials now out of step with OPM policies or tiring of the grind. First to return to the industry fold under the cloak of the new ruling was C. W. Kellogg, president of Edison Electric Institute, who served as OPM power consultant. Kellogg's job will be taken over by J. A. Krug, power manager of TVA, whose work on power problems arising from expansion of aluminum and magnesium production has made a favorable impression on OPM officials.

Others who will have to make a choice under the ruling are Walter S. Tower, president of the American Iron and Steel Institute; Charles W. Boyce, American Paper and Pulp Association; William L. Finger, Rubber Manufacturers Association; and Tom F. Smith, American Bakers Association.

"Palatable" Tax Bill

The revenue measure that the Ways and Means Committee will send to the House floor early next month is as palatable politically as a \$3,500,000,000 tax bill possibly could be. It fails to broaden the personal income tax base—except as to surtaxes. It hits corporations harder and individuals easier than the Treasury suggested. It hits large corporations and incomes harder than small ones. Stiff tax increases are masked by technical tricks—compulsory joint returns by husbands and wives and excess profits taxes on gross income rather than net income after normal corporation taxes (BW—Jun. 21 '41, p. 7).

Rate increases are much less than pro-



Albert L. Baum, of Jaros, Baum & Bolles, New York Consulting Engineers, B. A., M. E., Columbia University, Member of American Society of Heating & Ventilating Engineers.

"Economy is the watchword of all good planning—economy in installation costs as well as economy in operation," writes Albert L. Baum. "With this in mind, we have planned for controlled steam heating systems in many of our designs, and have found such steam heating systems especially successful in small rural hospitals. The outstanding advantages, particularly for hospitals, of such controlled steam heating are the variability of heat output as required by weather changes and the quick response to heating demands coupled with the savings in steam consumption."

Jaros, Baum & Bolles have specified modern steam heating for many prominent installations, among them the Delaware Hospital, Wilmington, Del., and the Holston Valley Community Hospital, Kingsport, Tenn., both of which have "Controlled-by-the-Weather" Webster Moderator Systems of Steam Heating.

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Est. 1898; Representatives in 65 principal U. S. Cities

STEAM Heats
America . . .

posed by the Treasury but actual tax increases, particularly for upper-bracket corporations and incomes, are much steeper. The House committee neatly shifted most of the burden of the tax increase up the income scale, and away from the populous lower-income brackets.

Inflation Angle Overlooked

In its present form, the bill would do little to ward off inflation, a principal justification for the "world's largest tax bill" when first proposed by Secretary Morgenthau.

The Treasury may make an effort to bring the House bill back into line with Treasury ideas in the Senate Finance Committee. The House is expected to adopt the Ways and Means Committee bill as the best way out of a nasty situation.

Senate "statesmen" are more apt to agree with the Treasury than House "politicians." However, there is considerable sentiment in the Senate for broadening the income tax base, to which the Treasury is firmly opposed. The Treasury may have to reconcile itself to lower income tax exemptions in order to put over its excess profits tax plan, resoundingly voted down by the House committee.

Harrison's Death

Death of Senator Harrison, Senate Finance Chairman and staunch opponent of radical New Deal tax ideas—the undistributed profits tax and the 1940 version of the Treasury's excess profits tax plan—has increased the chances for Treasury success in the Senate. With ranking Democrats George, Walsh, and Barkley otherwise occupied, the Finance Committee chairmanship will probably go to Connally of Texas.

In a war tax bill introduced last year Connally went to greater extremes than the New Dealers have dared to suggest.

Vinson Bill Substitute

Both "draft property" and "antistrike" legislation are taking on a less drastic form with the easing of the labor situation. The House leadership has forced the Vinson "cool-off" bill into the discard, substituting an emergency measure that, with no procedural restrictions, would give the President a free hand to control work stoppages without, however, permanently abridging labor's right to strike or bargain collectively. In lieu of the drastic property requisition bill first proposed, the War Department offers a much narrower alternative pointed specifically to obtain machines, tools, patents, and other production facilities, also ships, but eliminating reference to real property.

The War Department claims, how-

ever, that there is adequate authority under existing laws to seize real property. The Navy and Maritime Commission prefer the original bill as a club over "recalcitrant" business men but the War Department's draft will probably prevail.

Marking Time on Networks

Present indications are that the Federal Communications Commission will postpone in toto its network monopoly order and regulations, now effective Aug. 2, until Senator Wheeler's committee has concluded its current inquiry into the controversy between the broadcasters and the commission. There are other potential developments in the wind. One is the rumor that FCC Chairman Fly will get a "boot upstairs" to the Solicitor-Generalship if Biddle is named to succeed Jackson.

Fly is ready to continue his defense of the FCC regulations when the Senate committee hearings resume the second week in July, but in order to avoid a pitched battle on Capitol Hill the FCC is now voicing intentions to compromise on drastic or burdensome provisions.

P. S.

The Truman Committee is gathering evidence on discrimination against negroes in defense industries which it will air within a few weeks. . . . When the President froze the funds of various European nations, cots were installed in the Treasury's Division of Foreign Funds Control so employees, on 24-hour duty, could catch a few hours sleep. . . . The President and the Budget Bureau have quietly ordered a 50% cut, starting July 1, in the administrative division at OPM. Officials are irked over the drastic slash in funds, but there isn't anything they can do about it. . . . Friends of Paul McNutt are talking him up for the Attorney Generalship. . . . Joseph B. Eastman, Interstate Commerce Commission Chairman, is understood to have been offered the post of Defense Transportation Coordinator. He is represented as not being eager for the post and it may fall to Ralph Budd, who has handled transportation problems since the National Defense Commission was set up in May, 1940. . . . At midweek, a lease agreement between Standard Oil of Louisiana and RFC's Defense Plant Corp. was awaiting Jesse Jones' signature. Under the agreement, Standard would operate a 15,000-ton butadiene synthetic rubber plant at Baton Rouge. This would raise to five the number of DPC-financed synthetic plants and would boost U. S. tonnage to 48,000, including current output. . . . OPM approval of legislation empowering TVA to develop hydro-electric projects on the Cumberland River means that a huge new watershed is certain to be added to the authority's power empire.

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1941



ALL AMERICA COMES TO WATCH!

ACROSS the country, America lines the tracks to watch the trains of the *Stainless Fleet* go through. For these lightweight, stainless steel streamliners, built by Budd, have captured the country's imagination, and have won an army of new friends for America's progressive railroads.

Many of the *Stainless Fleet* are Sleeper-Coach or Chair-Coach trains, presenting new comforts and luxuries at regular day-coach fares. Others are superb examples of top-fare equipment. Wherever they run, *more people travel by train!*

Every car of the *Stainless Fleet* is built by Budd of stainless steel throughout—the strongest known material suitable for structural purposes. Fabricated by the exclusive SHOTWELD* system, they maintain the highest standards of strength and safety.

But these trains mean more than luxury and safety. They are money-makers for the railroads. Because they cost less to operate and maintain . . . and *because they have brought the travelers back to the rails!* Edward G. Budd Manufacturing Company, Philadelphia.

* Reg. U. S. Pat. Off.

The Stainless Fleet

Chicagoan • El Capitán • Golden Gates • Kansas Cityan • San Diegan • Super Chief • Tulsan of the Santa Fe

Champions of the Atlantic Coast Line

Flying Yankee-Mountaineer of the Boston & Maine-Maine Central

Denver Zephyrs • General Pershing Zephyr • Mark Twain Zephyr • Pioneer Zephyr • Sam Houston Zephyr • Silver Streak Zephyr • Texas Rocket • Twin Cities Zephyrs • Texas Zephyrs of the Burlington

Champion of the Florida East Coast

Dixie Flagler of the Florida East Coast-Chicago & Eastern Illinois

South Wind of the Pennsylvania

Crusader of the Reading

Chicago-Des Moines Rocket • Chicago-Peoria Rocket • Kansas City-Dallas Rockets • Kansas City-Minneapolis Rockets of the Rock Island

Silver Meteors of the Seaboard

• Above: The Burlington's "Twin Cities Zephyr"—6½ hours between Chicago and Minneapolis

Making a short run out of a long one, two Budd-built *Twin Cities Zephyrs* speed between Chicago and Minneapolis daily. For a day-coach fare, you enjoy a *reserved seat* in

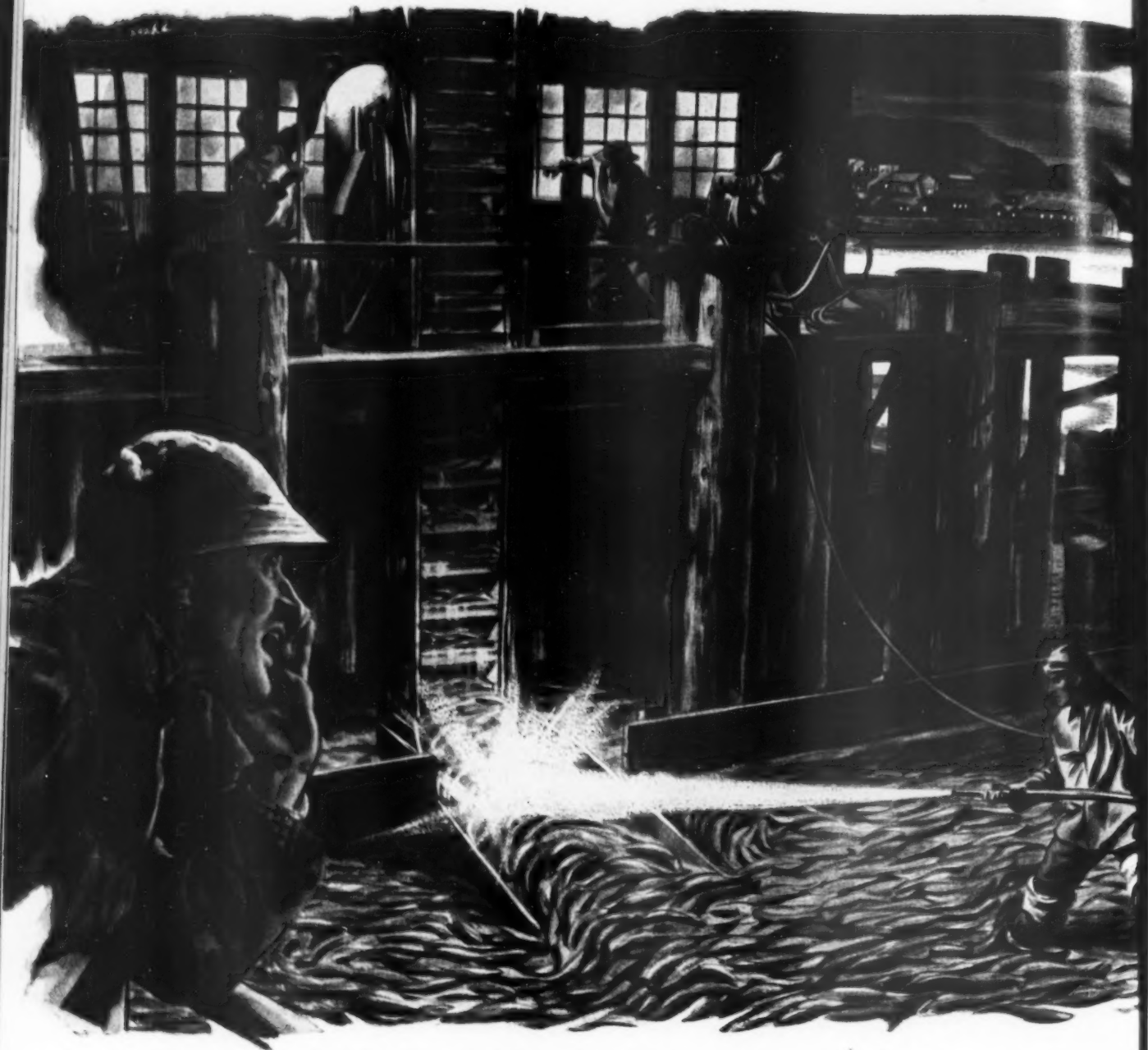
one of the De Luxe Reclining Chair Cars, and all the privileges of the train: Diner, Cocktail-Lounge Car, Observation-Parlor Lounge. A magnificent Reclining Chair Parlor Car

is reserved for top-fare passengers.

The Burlington's 12 modern Budd-built streamliners are swift, quiet, unbelievably smooth-riding—modern travel at its very finest!

BUDD

Salmon Run Sets Furious Pace



No time for "Time-Out" when million-dollar canneries run annual race with Nature

Probably no machinery or equipment in all the world is subject to such extremes as that in the salmon canneries which dot the frozen shores of Bristol Bay. There, almost within reach of the Arctic Circle, machines, motors and Motor Control lie idle from one season's end to the beginning of the next, often deep-buried in snow that has sifted in through floor and walls, and heavily caked with deadening frost. And then, as if at the crack of a pistol, canneries roar into action. For the salmon run is on in the

icy waters of the bay. During a scant few weeks, men and machines and ships must labor unceasingly at top speed. They have but 19 or 20 working days each year in which to earn a return on an investment that runs into many millions of dollars.



This takes staying power, reserves of dependability. This . . . Cutler-Hammer Motor Control. For here, as in so many grueling, punishing installations the world over, Cutler-Hammer has the preference far. Can you afford to ignore this when you purchase Motor Control for your needs? To be sure of Cutler-Hammer dependability as a safeguard to production in these trying times, you must insist on Cutler-Hammer Motor Control. Extra value at no cost. CUTLER-HAMMER, Pioneer Electrical Manufacturers, St. Paul Ave., Milwaukee, Wisconsin.

FIGURES OF THE WEEK

THE INDEX (see chart below)

\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*153.6	†151.4	146.3	141.4	125.1

PRODUCTION

Steel Ingot Operations (% of capacity).....	99.9	99.0	98.6	80.8	86.5
Automobile Production.....	133,565	134,682	133,560	125,370	90,060
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$24,551	\$22,438	\$12,606	\$17,335	\$10,990
Electric Power Output (million kilowatt-hours).....	3,056	†3,066	3,012	3,052	2,654
Crude Oil (daily average, 1,000 bbls.).....	3,858	3,823	3,773	3,621	3,846
Bituminous Coal (daily average 1,000 tons).....	1,675	†1,597	1,693	1,653	1,293

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	88	87	88	79	74
All Other Carloadings (daily average, 1,000 cars).....	56	55	55	44	45
Check Payments (outside N. Y. City, millions).....	\$6,210	\$5,181	\$5,740	\$5,982	\$4,788
Money in Circulation (Wednesday series, millions).....	\$9,433	\$9,393	\$9,186	\$8,716	\$7,741
Department Store Sales (change from same week of preceding year).....	+13%	†+6%	+12%	-1%	+9%
Business Failures (Dun & Bradstreet, number).....	230	230	270	255	296

PRICES (Average for the week)

Business Week-Annalist Cyclical Commodity Index.....	86.70	87.03	87.42	82.16	73.24
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	201.2	198.2	195.9	168.9	157.2
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	141.0	†140.3	139.1	121.5	115.1
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	146.3	145.5	142.9	122.4	111.8
Iron and Steel Composite (Steel, ton).....	\$38.15	\$38.15	\$38.15	\$38.32	\$37.80
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$21.42	\$19.58
Copper (electrolytic, Connecticut Valley, lb.).....	12.046e	12.054e	12.042e	12.010e	11.156e
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.94	\$0.98	\$0.93	\$0.82	\$0.76
Sugar (raw, delivered New York, lb.).....	3.52e	3.50e	3.35e	2.93e	2.71e
Cotton (middling, ten designated markets, lb.).....	14.26e	13.79e	12.95e	9.80e	10.67e
Wool Tops (New York, lb.).....	\$1.263	\$1.282	\$1.316	\$1.223	‡
Rubber (ribbed smoked sheets, New York, lb.).....	21.75e	21.38e	22.90e	20.75e	22.63e

FINANCE

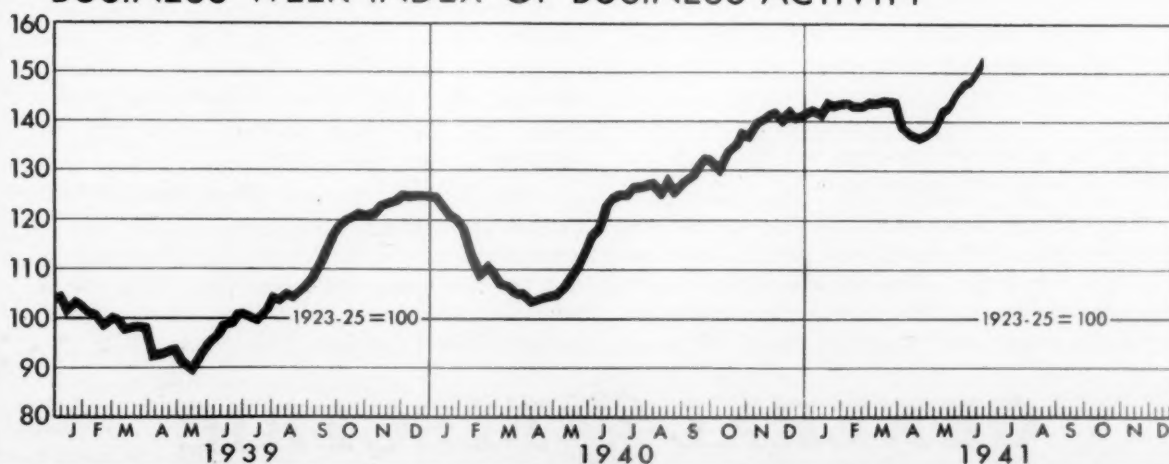
90 Stocks, Price Index (Standard & Poor's Corp.).....	78.3	78.3	74.7	82.6	78.7
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.30%	4.31%	4.33%	4.45%	5.00%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	1.94%	1.89%	1.94%	1.89%	2.33%
U. S. Treasury 3-to-5 year, tax-exempt Note Yield.....	0.40%	0.37%	0.41%	0.37%	0.72%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate).....	‡-‡%	‡-‡%	‡-‡%	‡-‡%	‡-‡%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	23,872	24,071	24,265	22,279	20,495
Total Loans and Investments, reporting member banks.....	28,155	28,131	27,798	25,532	23,596
Commercial and Agricultural Loans, reporting member banks.....	5,792	5,764	5,639	5,001	4,387
Securities Loans, reporting member banks.....	915	925	902	1,025	883
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	14,287	14,233	13,991	12,542	11,626
Other Securities Held, reporting member banks.....	3,606	3,660	3,761	3,649	3,526
Excess Reserves, all member banks (Wednesday series).....	5,310	5,490	5,855	6,395	6,767
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,241	2,249	2,237	2,306	2,539

* Preliminary, week ended June 21st. † Revised. § Date for "Latest Week" on each series on request. ‡ Not available.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





VETERAN

HE IS independent and proud, yet democratic and gregarious. He is the envy of the rest of the world, and its hope. He is generous and tolerant and peace-loving—and withal the most powerful man in the world. He is the American workman.

His hands, accustomed to the feel of wrench and lever and gauge, may never have held a gun; his mind, trained to think in terms of tolerances as fine as 1/10,000 of an inch, may never have wrestled with a problem of military strategy; and yet he is the veteran of a thousand campaigns.

His campaigns began in the laboratories, and his prowess was proved in the test pits of American industry. His battles were waged on the factory floor and in the field. His victories have helped to make the citizens of the United States the most

fortunate people in the world, and the U. S. the greatest nation on earth.

In the plants of the General Electric Company, working with General Electric scientists and engineers, this man, the American workman, has made giant generators to light whole cities, X-ray tubes to penetrate the mysteries of human flesh and metal castings, radio and television apparatus to project man's voice and image through space over the mysterious waves of the ether.

Today, in the gravest hour of world history, he is engaged in the greatest campaign of all. But there is serenity and confidence in his face, and the experience of a thousand campaigns behind him. He is sure of his own abilities, certain of his country's future. General Electric Company, Schenectady, N. Y.

GENERAL  ELECTRIC

952-218G2-211

THE OUTLOOK

New War to Speed Business

Strategy now calls for intensified aid to Great Britain while Nazis are engaged with Russia on eastern front. Index at new high as commodity prices champ at OPACS bit.

The outbreak of the Russo-German war does not change either the pattern or the complexion of the business outlook. Indeed, if anything, it emphasizes them. A world war of attrition is now definitely indicated (unless the unexpected happens, and Stalin's legions defeat the Nazis). And this reaffirms Business Week's repeated estimate of a broad industrial expansion under the stimulus of national defense.

Speeds U. S. War Effort

German strategy is to capture the Ukraine and the Caucasus, obtaining thereby wheat, oil, manganese, and control of the Soviet's dominant industrial centers. Then, presumably, would follow an attack on the Near East during the winter. After that, Hitler's blitzkrieg might turn into a "sitzkrieg" (page 15), for he would have the supplies for a waiting war.

The domestic implications are fairly obvious. No matter how the Russo-German conflict turns out, our war effort will accelerate. If Germany wins, the need to assist Great Britain will be multiplied. And if the Russian armies manage to hold off Hitler, Anglo-American strategy would almost inevitably call for the delivery of a telling blow on the Channel front—the sooner to get the war over with.

Steel, Autos, Railroads

Meanwhile, industrial operations are moving up swiftly. The Business Week Index climbed to another new high at 153.6—up 2.2 points during the week. Steel operations reached 99.9% of capacity, up 0.9 points. Heavy construction awards, compiled by Engineering News-Record, ran over \$100,000,000 for the fourth consecutive week—government ordnance contracts counted heavily in the week's advance. Automobile manufacturers, close to the wind-up of 1941-model runs, are pushing their assembly lines all they can. And carloadings are jumping to contraseasonal summer highs.

The railroads this year are really going places. In May, combined operating revenues of Class I roads were up about 25% over a year ago. Since employment is not increasing as fast as traffic, a large proportion of the increased freight dollar is going into earnings. May net is

estimated at \$50,000,000 as against \$3,800,000 last year.

June carloadings, moreover, suggest another good record and first-half net may run to \$175,000,000, as against the \$12,000,000 deficit during the first six months of 1940. For the full year, 1941—unless a wage increase is granted in short order—net income may attain the half-billion dollar mark, or the best since 1930, when Class I earnings amounted to \$523,000,000. Last year, net was \$93,000,000 and in 1929—the high year—it was just short of \$900,000,000.

Reaction of Stock Market

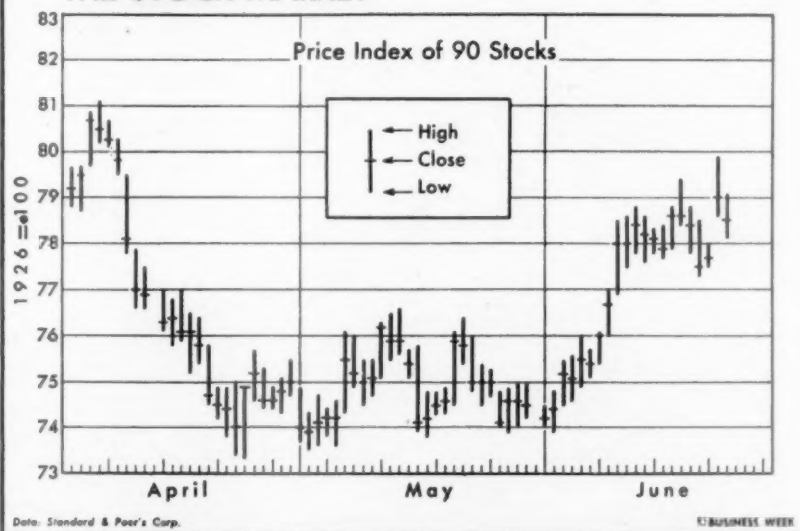
Unquestionably, the upturn in railroad earnings has been a basic influence in the modest recovery in the stock mar-

ket during May and June. Unfavorable war news, such as the German capture of Crete, did not bring out heavy selling. Indeed, the market suggests a sold-out condition, with good buying taking place on dips (see Outlook chart). The speculative attitude is this: Technically, we are still in a bear market; however, until Germany definitely indicates a willingness and an ability to conquer the British Isles, the worst war news seems to be out of the way. And if the German drive into Russia stalls, it may be the signal for the strong, concerted buying out of which bull markets in stocks are made.

Commodities Rise

Unlike the backing-and-filling advance in the stock market, commodities have been rising briskly. Cotton, at 15¢, this week reached the highest level since May, 1930. Dairy prices are advancing, as more butter and cheese are required to fulfill Britain's needs under the lease-lend program. To get more copper, OPACS announced a plan to subsidize higher-cost marginal mines in Michigan; if this two-price system works (BW—

IN THE OUTLOOK: THE STOCK MARKET



When Wall Street got the weekend news that Germany was at war with Russia, stocks advanced sharply. In the first hour on Monday, the volume—at 350,000 shares—was not far off from a full trading day. But then activity tapered off, and so did prices. Second-guessers reasoned that Nazi military tacticians haven't made any serious blunders in the past; that therefore an invasion of Russia means

that Germany will take the Soviet Bear. However, what is significant to Wall Street, is the willingness of the market to rally. Ever since the British evacuation of Greece, stocks have been moving up slowly but steadily. Note the ascending tops and bottoms during May and June. This formation, in times past, has often proved to be a turning-point in the stock market.

Jun. 7 '41, p. 72), the program may be extended to Arizona, and possibly Utah, Nevada, and Montana.

The expanding demand for both civilian and armament goods is making it increasingly difficult to control prices. This week, Mr. Henderson (1) set pig iron quotations; (2) issued warnings to refrigerator and furniture manufacturers; (3) studied the problems of cotton cloth, preparatory to issuing the predicted price

dictum (BW—Jun. 21 '41, p. 13); (4) considered ceilings for rubber and tool-steel scrap; (5) made a statement that OPACS price decisions are based primarily on profits of producers.

Most prices are naturally champing at the bit. The general price level is far behind defense-actuated recovery. The Business Week Index, at 153.6, is 13.5% higher than the 1929 top of 135.3. But any price index you look at is below the

1929 level. For instance, Cost of Living—down 16%; Fairchild's Retail Price Index—20%; Bureau of Labor Statistics Wholesale Prices—11.7%; Moody's 15 Sensitive Commodities—17.5%. Now, there is not an inevitable relationship between business and prices but it is not unusual to find that when business goes up, prices follow. And that's what is happening, and that's what OPACS has to contend with.

WHAT GERMANY IS AFTER IN RUSSIA

In January this year, the German Library of Information, now ordered out of the U. S., published the map shown below in its weekly bulletin. Said the caption: "By the new Russo-German trade pact, more of Russia's vast raw materials will be exchanged for German industrial products."

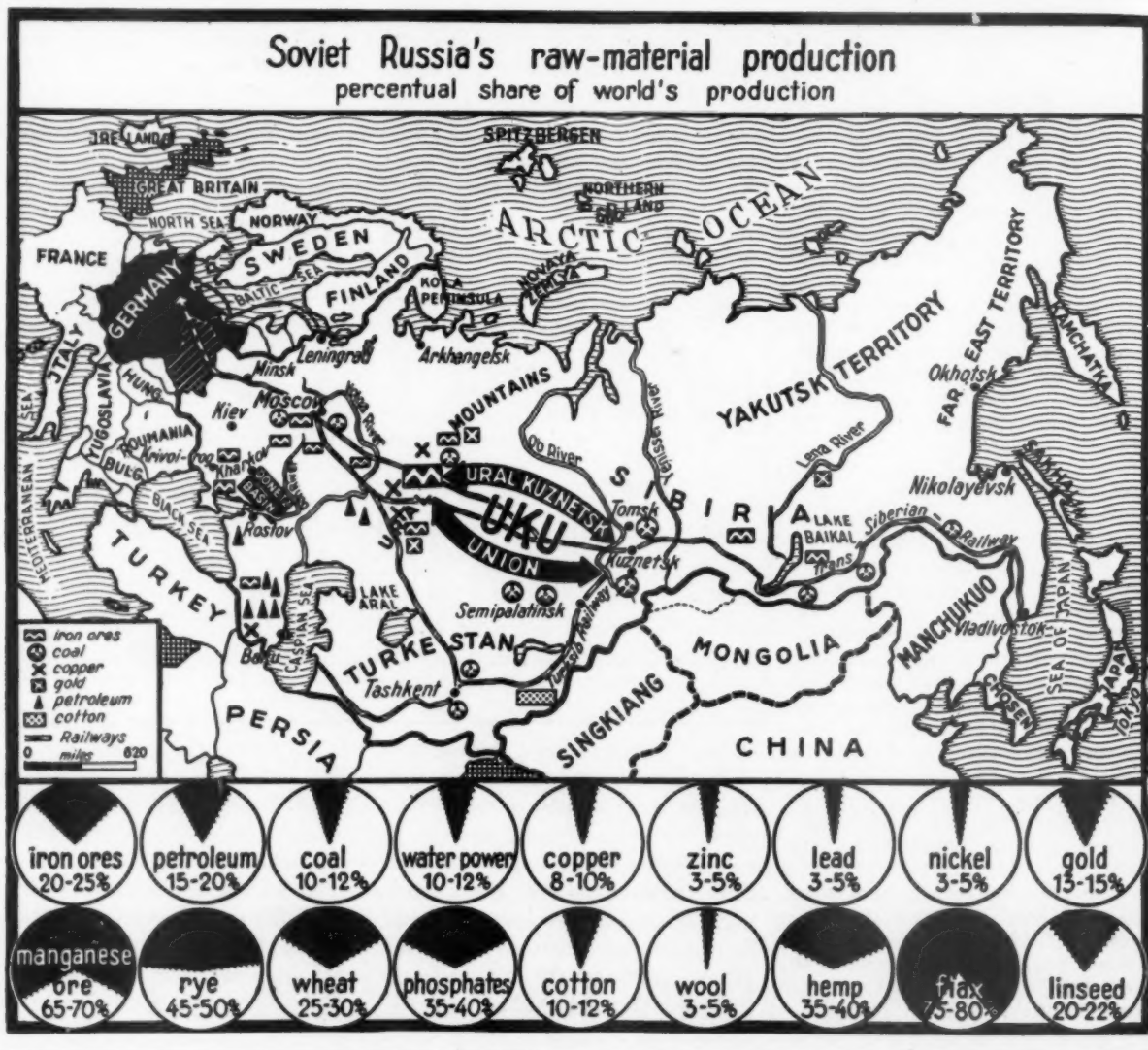
That promise, like the promise of the first trade pact signed in the fall of 1939, didn't come true. Hence,

Hitler decided to move in and attempt to reorganize production of those materials (see pie charts under map) which are so essential to his war machine—particularly oil and grain.

That's one reason why the Nazi troops were on the march again this week. A second reason lay in the threat that Stalin might himself make the break—and make it at a time when the Nazis might be en-

gaged in a death struggle with the British along the Channel—for ever since Germany's successful drive in the Balkans, Soviet-German relations have grown progressively worse.

Russia may not be able to withstand the Nazi thrust in the Donetz Basin, but Stalin could then draw east of the Urals and keep up a battle of attrition from his second industrial front, the great Ural-Kuznetsk zone.



America and the New War

Hitler's attack on Russia is tip-off to U. S. business that Nazis now expect long war. Drive for raw materials of Ukraine and Caucasus forced by stronger Britain and our aid.

When Nazi troops opened fire on the Russians early last Sunday morning, they changed the whole character of this war.

Until April, Hitler confidently laid all his plans for a short war with a final knockout blow on the British Isles scheduled for this summer.

• **Balkan Danger-Signal**—But since April, it has been increasingly evident that Nazi plans have had to be changed. The Greek campaign was forced on Berlin and, though successfully carried out, it slowed up the Nazi timetable along the Channel by from four to six weeks and cost Berlin the cooperation of Stalin.

Outwardly, Crete was a daring and glorious victory but Hitler was cheated of the triumph. By then, as he realized, Stalin's attitude had become so antagonistic that the Fuehrer could no longer move either toward Suez or across the Channel without the threat of a Soviet attack on his rear. This realization, coinciding as it did with growing Nazi doubts that Britain—aided by America—could be crushed in a summer blitz, forced Hitler's decision.

• **Breaking-Point**—From the revelations broadcast from both Moscow and Berlin last week, it is plain that Stalin's final determination to cut away from the Axis was reached after the Molotov visit to Berlin. There, both capitals agree, Molotov was told that Berlin's guarantee of Rumania was aimed at Russia, that the Nazis would not allow the Russians to guarantee Bulgaria in the same way, that Germany insisted on maintaining "relief" troops in Finland, and refused to allow the Soviets to acquire bases along the Dardanelles.

Never without alternative programs in case there is a slip in his calculations, Hitler has made a rapid shift to a strategy which the Nazis have had up their sleeves since the outbreak of war (BW—May 18 '40, p15). When a quick victory which would end the war couldn't be forced, the Nazis planned to push their land frontiers to their greatest limits and then, fortified with tremendous new resources, to (1) sue for a peace which would leave them in control of most of the continent, or (2) prepare to sit back inside Germany's greatly enlarged borders and trade blow for blow with England in the hope that they could outlast the British.

• **What Hitler Wants**—How much of Russia Hitler will attempt to hold is a question. Speaking to a wildly cheering audience at Nuremberg in 1936, he shouted to his admiring followers: "If the Urals, with their immeasurable

treasure of raw materials, Siberia, with its rich forests, and the Ukraine, with its limitless grain fields, were to be in Germany, this country under National Socialist leadership would swim in plenty." But insiders familiar with the Nazi blueprint of empire know that Hitler's geopoliticians had figured on 50 or more years of careful cultivation of Russian ties before Germans could count on a steady flow of materials from a land as limitless and as stubbornly backward as Russia. Nazi realists confined their first claims to the Ukraine, and possibly the Caucasus, with a blow at Leningrad and Murmansk simply to cut off Russia's last windows to Europe and the aid which might make her again a threat to the Germans.

The Ukraine is a gold mine for either the Russians or the Germans. Without it, Moscow will be desperately crippled. If the Caucasus goes too, Russia will be completely removed for a long time as a serious threat to the Nazis.

• **From the Ukraine**—The Ukraine is the richest province in the Soviet Union. With its wide black soil plains, it is the Mississippi Valley of the Soviet Union. But it also includes a great coal field and iron ore mines which make it one of the main industrial regions of the Soviet Union. Dneperstroy—the giant hydro-electric station which was built by the

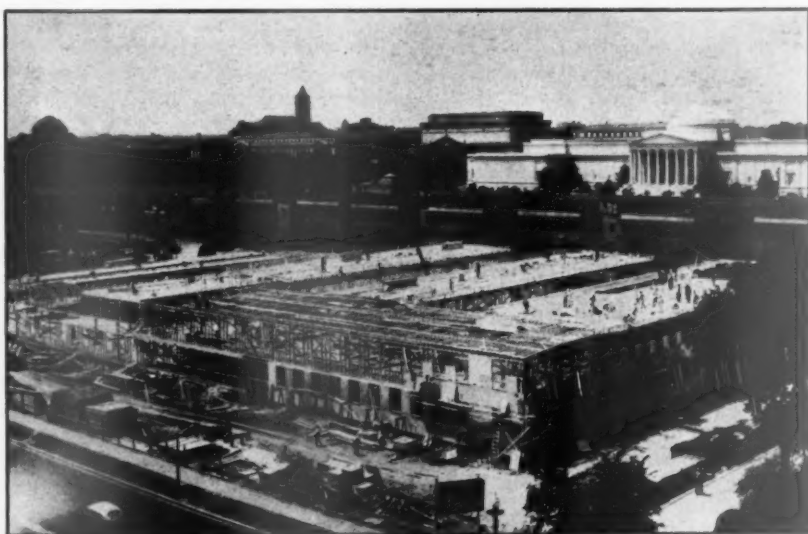
late Col. Hugh L. Cooper, an American—is located midway between the Ukraine's great iron reserves and the huge Donetsk coal basin. One of the largest locomotive works in the world is located nearby at Lugansk. Russia's biggest tractor factory, which before the war turned out 150 tractors a day, is at Kharkov. Great machine plants at Stalingrad, Kramatorsk, and Rostov today probably supply shells and guns.

The Ukraine provides Russia with nearly a quarter of the country's wheat. It supplies 90% of the Soviet Union's sugar beets, 30% of the potatoes, 25% of the pork and lard, and cotton.

Industrially, the Ukraine accounts for nearly 50% of Russia's coal, 60% of its iron ore, 45% of its steel, and 75% of its manganese. In 1939, a quarter of all of the electric energy generated in the Soviet Union was produced in this region, and, despite the growth of industry around Moscow and east of the Urals, the Ukraine at the outbreak of war in 1939 was the center of the largest machine industry in the Soviet Union.

• **From the Caucasus**—From the Caucasus, Russia still draws 80% of all its oil. Baku, almost on the border of Iran, and Grozny, in the center of the huge peninsula, are the two great fields. Without them, Russia is thrown back on the comparatively small output of a new field around Ufa on the western slopes of the Urals. Stalin opened this field five years ago to meet just such a threat as developed this week. But with a huge motorized army to supply, and with almost all agriculture mechanized, Russia must hold the Caucasus if it is to offer real resistance to the Nazis.

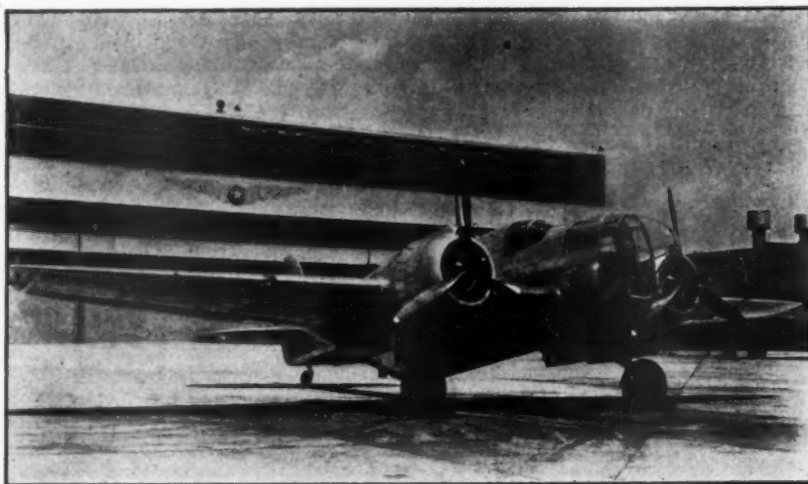
If Hitler can wrest the Ukraine from



FOR THE DURATION

A sign of the times is the "temporary" building going up in Washington to house the War Department for the

duration of the emergency. To be known simply as "D," it is in an area well filled with "temporary" buildings put up during the last war which are overcrowded now.



BALTIMORE BOMBER

Britain's latest air weapon, the Glenn L. Martin Co.'s 187 ("Baltimore") medium bomber, was given its first flight tests last week. Lighter than the Martin B-26, the U. S. Army's new

medium bomber, the "Baltimore" can also be used for long-range reconnaissance missions, and will even fill the bill as a fighter. It is powered with two 1,600-hp. Wright engines, has an all-plastic nose. Regular deliveries are scheduled to begin within a few weeks.

the Russians, he will gain 23,000,000 tons of grain to be added to the 27,500,000 now produced in Germany, nearly 33% more livestock than is now raised in the Reich, and a whole range of the fruits and vegetables which the Nazis lack desperately. Under German control, cotton could be more intensively cultivated and the Nazis would have a great new industrial zone far from the British bombers. But the weakness of the German venture in the minds of those familiar with the Ukraine and the Caucasus is that, while Hitler may hopelessly cripple the Bolsheviks, he probably cannot bring this rich new territory into super-production fast enough to help resist the British attack, which should reach the peak of its strength by next spring. And apparently there are critics in Berlin who see this weakness (page 64).

• **Washington's Cue**—What the week's developments mean to Washington can be more clearly interpreted when Japan's stand becomes clear. Unquestionably a long war of attrition is in the making. Aid to Britain may need to be enlarged even beyond today's impressive plans to meet the potential strength which Germany may gain at Russia's expense. If the Soviets can hold a line, or if they retreat to the Urals, this country in time might offer them important lease-lend aid.

For the present, no one in Washington knows very intimately what they need or how it can be delivered except by way of Vladivostok, which is too difficult a journey to allow for any but non-bulky supplies. For nearly a year, the Russians have protested our refusal to

deliver machine tools to help them build up a second industrial front east of the Urals.

• **A Hope and a Fear**—Meanwhile, labor relations men count on the rupture between Berlin and Moscow to remove the Communist influence from domestic strike troubles, since the "party line" must now coincide with the defense line. This would be one unquestioned gain from the move.

However, realists, who know firsthand the full seriousness of the situation along the Channel, fear that a shortsighted public in this country will look on the new move as taking the heat off England and will slow down efforts to get aid to the British. Such a feeling of relief played a part in the wave of buying on the Stock Exchange on Monday which boosted prices an average of 1½ points above their Saturday closing. Two days of Nazi blitzing across the Russian frontiers removed most of the enthusiasm and part of the gains.

An Englishman, recently arrived from London, commented tersely: "If the Russians are still standing off the Germans on Sept. 1, no matter where the front is, Russian entry into the war will have proved of tremendous importance."

• **For a Long War**—American business, watching anxiously from the sidelines, can afford to reserve its judgment until it knows the outcome of the first few weeks of the battle for the Ukraine, because there is little that this country can do to change its course in that time. But for the long term, insiders know that Hitler's turn to the east definitely sets the course for a long war and they are making their plans accordingly.

Spreading Orders

Without much enthusiasm, the Army decides it must widen production to get machines. Tries "mother hen" plan.

There was a time when the Army wouldn't do business with a concern having less than \$50,000 capital. Now it has reached—or been brought to—the point where it is saying, "Let anybody come in who has the know-how and the facilities to get the job done on time."

One reason for this is that, as the Army sees it, the million contracts it has let since the outset of the defense program have now "skimmed the cream off the country's productive capacity." The companies with the strongest management that it had lined up in peacetime for the wartime production job can't take on any more work because they can't get any more machines.

• **Force of Circumstance**—Thus, under the pressure of necessity, the Army is at last looking toward spreading the defense load—though it still isn't thinking of the job that way. It's the Office of Production Management that thinks of it in terms of getting more manufacturers into defense and of giving little manufacturers a chance. To the Army it's simply a matter of putting up with trouble to bring more tools into use.

The Army doesn't regard expansion of production by dispersal among many units with any enthusiasm. It would still prefer to have everything done under its thumb. Production is being so decentralized that it is becoming difficult to control. When a prime contract is distributed among many concerns, a breakdown at one point holds up the whole works. Subcontracting is bringing with it many headaches in connection with inspection of goods. But the Army has got to make the best of it, and it realizes the enormity of the job that industry has to handle.

• **Discovering Machines**—The Army is putting a finger on more machines, wherever they may be, and in so doing has discovered that in recent years many efficient shops have scattered over the countryside in an attempt to escape rising costs of operation in the big cities. Most revealing of the Army's changing attitude is the way it is seeking out machinery that is either idle or partially or wholly employed in turning out commercial goods. Instead of taking the machine to the job in some prime contractor's plant, it plans to take the job to the machine, either by contracting or subcontracting with the owner.

By this method, which is still more on paper than in practice, the Army not only gets the use of the machine but the operator as well. Even though

worker might willingly move with the machine, the Army figures that he'll work better at home and that leaving him there will help to lessen the housing and other problems that result from congestion in defense industry centers.

• **Subcontracting**—More and more prime contractors are subcontracting. The Army reports that on tanks Baldwin Locomotive has 1,000 outside suppliers;

Chrysler, 700. But straight subcontracting ordinarily doesn't put to use one machine here, another somewhere else. To tie management brains up with this scattered equipment, OPM's Defense Contract Service, in cooperation with several Army ordnance district offices, is trying to develop a "mother hen" plan. This is similar, in effect, to the York, Pa., plan (BW—Sep.28'40,p16) in which

manufacturers clubbed together to get defense contracts and pooled their facilities for production.

The mother hen idea is to organize producing units consisting of a company with the engineering, technical, and financial responsibility required of a prime contractor and surrounding shops whose collective facilities can be used to turn out a particular article.

• **Story of a Fuse**—The article may be only a small part such as the M58 fuse. This product has 13 parts and requires 35 operations before assembly. A canvass by the Hartford ordnance district office at Springfield, Mass., disclosed that within 15 miles of the arsenal there were six concerns that, together, could manufacture the fuse. The operations that would use the facilities of each concern to best advantage were assigned, the routing of parts from one shop to another was mapped out, costs were figured, and a bid of 36¢ was submitted to the Ordnance Department. The disconcerting result was that the contract went to a midwest concern on a bid of 21¢.

Lt. Col. Ray N. Hare of the War Department's facilities division conceded that the upshot of the Springfield project was discouraging but explained that to Washington the group undertaking in Springfield represented only one bid in a field of bids and that the business had to go to the lowest. Ninety percent of the Army's defense requirements have so far been supplied on competitive contracts, according to Col. Hare. The War Department still clings to the competitive bid system as its greatest assurance of all-around satisfaction and best insurance against that post-war day of reckoning by a congressional investigating committee.

• **How to Get an Order**—The War Department is, however, increasing the time allowed for preparing bids. Thus it holds out a hand to concerns that haven't had any defense orders and need time in which to figure out a bid. It will also sharpen the edge of competition for firms now carrying off defense orders. The Army's advice, incidentally, to all who would like to get a defense order is: Don't wait for the Army to put out an advertisement for bids. Go now to the nearest procurement district office. Check up on the Army's requirements. Pick an item that you are equipped to make efficiently and economically. Then bid when the Army is in the market for this item the next time.

While allowing more time for bids, the Army also is spreading business around by allowing less time on deliveries. Unless a manufacturer can step up his own operations, he is forced to subcontract.

• **Other Group Setups**—Since the hen laid an egg at Springfield, the Defense Contract Service has been working with



ARMOR PLATE PLANT

S. Horace Disston, president of Henry Disston & Sons, Inc., last week officially dedicated the new Philadelphia armor plate plant, to be operated for the government by Disston, when he lit the fires under the boilers which

put the new plant into production. Some 3,400 Disston employees were on hand to celebrate the occasion with American flags. This \$1,250,000 plant will enable Disston to triple its output of armor plate for gun shields, combat cars, light and medium tanks, small naval craft, and aircraft.



other ordnance districts in setting up mother hen groups—in Kansas City, on a gun mount; in Chicago, on a 150-mm. shell casing; in Boston, on a machine gun cartridge clip. DCS also has instructed each of its 36 field offices to organize a mother hen group on some production job suggested by the district ordnance office in its area.

Springfield's experience may not be repeated, since the Army is "working towards" a system of buying within a given area, thus shutting off competition from other regions.

The mother hen plan on an enlarged, regional scale is tentatively suggested by the DCS as the pattern for converting entire industries from peacetime to wartime production. DCS isn't ready yet, however, nor is it able singlehanded to launch any such broad conversion program.

Steel for West

Companies west of Rockies propose big expansion program. Henderson price revisions may shake the "ceiling".

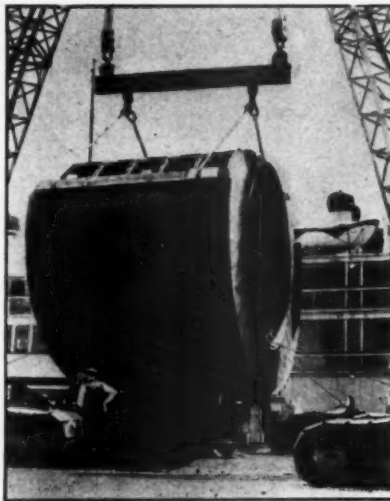
In Provo, amid the mountain ranges of Utah, site of the steel industry's only blast furnace west of the Rockies, they are awaiting the word that will start construction of a \$57,200,000 fully-integrated steel plant. And when that word comes, it will start other steel expansion projects in the Far West adding up to \$100,000,000 and raising the Far West's steel production by 1,556,000 tons.

There will also be new facilities—and new payrolls for local spending—at Seattle, Wash., Pittsburgh, South San Francisco, Oakland, Niles, Los Angeles, and Torrance, Calif., and at Pueblo, Colo. Such companies as Bethlehem, Columbia Steel, Pacific States Steel, Colorado Fuel & Iron, Northwest Steel Rolling Mills, Pacific Car & Foundry Co., Isaacson Iron Works, American Forge, Moore Dry Dock, and National Supply Co. are in the program.

• **The West Proposes**—That program represents the proposals of the western steel firms to meet OPM's call for more steel production in their section of the country, to be largely financed by government money. Their proposals, just made public by OPM, counter one by Henry J. Kaiser, Coast shipbuilder, cement manufacturer, contractor, and shipowner, that he be authorized to create a new \$150,000,000 integrated steel organization west of the Rockies (BW—May 31, p. 24). They also follow an investigating trip made to the Coast by OPM's steel consultant, W. A. Hauck, former Lukens Steel Co. executive. Today Washington is pretty well satisfied

that the ambitious Kaiser plan is out of the window (BW—May 24, p. 8) and that the ideas of the existing steel companies are in.

However, Washington knows that the Far Western project is only a small lump of the New Deal's hoped-for \$1,000,000,000 and 10,000,000-ton steel expansion program in the next 18 months to two years. Doubt grows that capacity will be upped to this level, but a sharp increase seems to be definitely in the picture as steel companies dutifully prepare data for OPM on what might be done. Tentatively suggested increases of 6,400,000 tons for U. S. Steel, Bethlehem, and Republic are already on paper (BW—Jun. 14, p. 17). Chief among



GREAT LAKES SUBMARINE

Lowering the 14-ft. center section of a submarine onto the launching ways of the Manitowoc (Wis.) Shipbuilding Co. last week was the "keel laying" for the first submarine to be built on the Great Lakes. Eleven other prefabricated sections will complete the hull of this submarine, which is one of ten ordered from the Manitowoc Shipbuilding Co. by the government.

other boosts reported but not determined upon are 500,000 tons for Jones & Laughlin; 400,000 tons for National Steel; and 325,000 tons for American Rolling Mill.

• **Price Revisions**—Meanwhile, Mr. Henderson has announced a revised steel scrap order and a revised steel order which, despite his warm denials, suggest that the price ceiling is bulging up. For example, his agreement to permit scrap to move to consuming districts from more remote sections than heretofore brings predictions that he will have difficulty in continuing to hold the top on prices. The fact that greater transporta-

tion costs will be involved in supplying such scrap-hungry districts as Pittsburgh, which produces only about half of its scrap needs, leads to the suggestion that the scrap schedule may have to be cracked to permit higher levels at some points.

And despite denials that higher prices are involved in the new steel price order, observers note that this order permitted such changes sought by steel producers as allowing maintenance of export prices which are from \$3 to \$5 above the frozen domestic levels. An even stronger indication of price-tilting was seen in permission to use the governing basing point in determining delivered prices, an industry practice but a switch from the original order which required that the charge be computed on the basis of the lowest published rate.

• **Fitting the Need**—A mill can now quote delivered prices on the basis of its nearest basing point, instead of, as previously required, on the basis of the basing point which gave the lowest delivered price. This makes considerable difference in the net return to the mill, though the domestic ceiling prices remain unchanged because they are basing-point, as distinguished from delivered prices.

Explanation for this change in the order is that the needs of the defense program have forced allocation of orders to mills which ordinarily did not sell in the areas to which this steel must go.

Producers, particularly those in the East, also gain by the revision which permits them, because of "the possible shortage in water transportation and the need of shipyards to place steel orders at interior mills," to go to a basing point system for Gulf and Pacific Coast shipments, instead of being compelled to continue use of arbitrary delivered prices at these points.

The demands of the Pacific Coast shipyards and the shortage of bottoms have forced an all-rail movement of considerable steel that formerly took the lower-cost rail-water route, and steel companies have had to absorb the increased transportation charges. Now full rail rates may be charged by the companies where water transportation is no longer available.

• **Sooner or Later?**—The Price Administrator was quick to explain that his expedient acceptance of the industry's basing point and extras system should not be regarded as expressing any opinion regarding it. He also made haste to say that his revised schedule was issued to assure that, for the immediate present, steel prices will not be raised. However, some observers find a great deal of the conjectural in the adjective "immediate." Not, they say, that Mr. Henderson will break the price ceiling if he can avoid it, but he seems already to have cracked it and it may not be possible to keep the plaster from showering down.

"Unforeseen events . . . need not change and shape the course of man's affairs"



CRIMINAL AT LARGE...

It happened at 3 A.M.—during a storm. Someone forgot to close a window . . .

Unseen, the intruder crept into the room . . . damaged the furnishings . . . broke through to the floor below to mutilate the wall and ruin expensive merchandise.

There were two unmistakable clues—a fallen ceiling and a tell-tale trail of water.

Water is always at large. And it has many ways of gaining admittance—with the help of the careless-

ness common to human nature. It seeks out the forgotten open windows . . . the faucets that are left running . . . leaky roofs. A plumbing failure often serves as an accomplice.

You cannot erect dikes against the mishaps caused by *human* failures . . . but you can easily obtain Maryland water damage insurance—to protect your store, home, office and factory against any financial loss brought about by water damage. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.

Rubber-Rationing

OPM's program will help industry to make needed reforms. Little hardship expected from crude curtailment.

The announcement of OPM's long-awaited rationing program for crude rubber to build vital national defense stocks, promises to be a blessing in disguise for the rubber industry. The order to reduce consumption from an estimated 410,000 long tons for the first half of 1941 to 300,000 tons for the final half, will make possible the adoption of policies and reforms which the industry has sorely needed.

Ironically, OPM's order came as the big four firms and their satellites were launching the industry's annual July 4 tire sale, vying with private-brand tire outlets for motorists' dollars during the peak of the buying season in the replacement tire market (BW—May 31 '41, p. 28).

• **Incongruous Gesture**—True, the current tire sale is little more than a gesture as compared with other years, for "bargain" prices are confined to but a few sizes and types. But even trade insiders admit such sales are incongruous in the light of the anxiety over America's rubber supply, current high crude prices, and mounting production costs.

Even if the government didn't move in this direction—and Price Administrator Leon Henderson has announced that he will—the industry itself would like to forget the "bargain sale" technique. From here on, emphasis will be placed on making rubber go as far as possible.

Henderson's office proposes to "freeze" wholesale and retail prices on tires, tubes, and scrap rubber along with crude at the pre-sales period levels.

• **Also on the Horizon**—Other reforms that have been on the industry's horizon for years and which are almost certain to be put into effect for major tire producers, if not for private brand distributors, include the elimination of warranties and guarantees on tire performance, and drastic simplification of tire lines.

From such reforms will come substantial reductions in merchandising and selling costs, trade observers believe. The simplification program itself, cutting lines to a few sizes and types, will reduce dealers' and manufacturers' inventory requirements, diverting rubber to other uses, and eliminating some warehousing and storage needs.

• **Consumption Rate**—The 27% cut in consumption itself is expected to cause little actual hardship, although the smaller firms without large defense contracts may be affected if future events should warrant rigid priorities. Actually, the cut places the industry on an annual consumption rate that is 8,000 long tons

greater than in 1939, when the 592,000-ton consumption was a new high.

The curtailment formula contemplates a consumption for the third quarter of roughly 160,000 long tons, and 140,000 for the final quarter. Allotment to each firm will be on the basis of that firm's share of the total consumption during the 12-month period from April 1, 1940, to April 1, 1941, when 683,615 long tons were used. Roughly, 60% to 65% of the nation's consumption rolls through the mills of the big four firms—United States Rubber, Goodyear, Firestone, and B. F. Goodrich.

• **Tire-Sale Estimates**—For the immediate future, tire men predict a continuation of current high level of tire sales. Sales during the first five months have necessitated a revamping upward of sales estimates for the year from 37 million replacement units to 39 to 40 million. And with consumers now aware of the curtailment program, a total of 42 million units is a possibility unless tire buying is curbed. Such a total would be a 20% gain over 1940.

Of even greater importance, trade analysts agree, is the fact that the new program will make motorists tire conscious. Tires could be made to last a great deal longer, with consequent savings in rubber, if motorists would exercise nominal care (see box, page 22).

• **Less Rubber Content**—A decrease in the rubber content of tires, with resulting reduction in service life and quality, appears a certainty, according to some trade insiders. Tire firms are to be expected to continue to compete strenuously for their share of the replacement market, and on a lessened volume of rubber, cutting the rubber content looks like the only answer. Such a move, however, will be offset by tire improvements bound to result from accelerated research.

Greater use of reclaimed rubber is already apparent, although reclaiming is definitely no "cure-all" because of limited productive capacity and processing limitations on its use. The reclaim industry currently is operating at roughly 80% of its theoretical capacity of 315,000 long tons annually.

• **Simplification of Lines**—Simplification of product lines in the mechanical rubber goods field is already under way (BW—May 10 '41, p. 52) but savings in rubber there are definitely limited. Cutting the rubber content of a conveyor belt for example would merely mean that, if the same load and service conditions were maintained, a replacement would be needed just that much sooner. Such is the case also with V-belts, hose, tubing, and other industrial items.

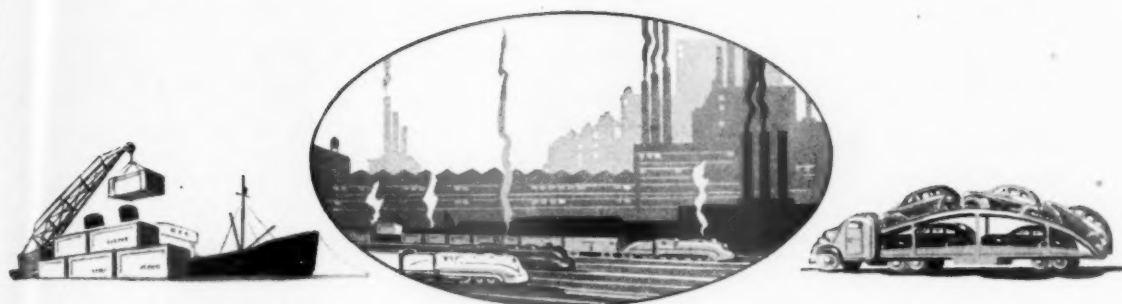
Apart from the priority which defense production will command, the industry



CEMENT GUN

With a new cement gun in use around Los Angeles, two men can spray the walls of a five-room cottage in a day and a half. The concrete produced is said to be strong enough to afford good bomb shelter. The Westburg Cement Pressure Gun (Cosco Manufacturing Co., 832 East 60th St., Los Angeles) operates on a principle different from guns that spray wet mix. Cement and sand, after mixing, are conveyed in the dry state by screw

through a large hose to the gun, where they are mixed with just enough water to make the aggregate at the moment of spraying. Water is supplied through a separate hose. The mix is applied at high pressure with so little water that the concrete does not drip and requires no finishing. Tensile strength runs up to 3,500 lbs. per square inch. According to sponsors, the gun is safe, can be handled by common labor, can operate up to 800 ft. from materials, and can deliver the mix at a rate as high as 10 cu. yd. an hour.



PREMIUM PAID \$25,000 LOSS SUSTAINED \$2,000,000

To a corporation president dealing in contracts running into six or seven figures, a few insurance contracts—with aggregate premiums of \$25,000—may seem small in comparison with matters which normally come to his attention.

But if a ship is sunk or a train wrecked or a factory burned—if employees are killed in an accident—those policies suddenly become the only security for reimbursement of losses amounting to hundreds of thousands—even millions—of dollars.

The fact is that a corporation's insurance contracts are among its most important assets. The best way to give them the attention they deserve is to have them negotiated and bought through an insurance broker—a buyer who represents the insured and no one else. The insurance broker knows the entire market;

he is free to buy from the company or companies best suited to each case. He negotiates contracts at the lowest cost, with coverage to meet particular requirements. He co-ordinates a complicated insurance program, takes charge of claim collections, and performs a multitude of other useful services. And his compensation is not an extra fee from the insured, as the seller—the insurer—pays the brokerage.

This is only the beginning of the story of insurance brokerage. After nearly a century of individual service—to clients in various industries—Johnson & Higgins are qualified to analyze your needs. An experienced representative will call upon request, to discuss insurance in terms of your own business.

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WINNIPEG

undoubtedly will be permitted to consume its allotted rubber pretty much as it pleases. The practice of shipping spare tires to carmakers may be abandoned, but its effect will be minor since motorists likely will then buy their spares in the replacement market. White sidewall tires are certain to be discontinued by some firms because they require more crude and greater care.

• **Retreading**—A pickup in retreading is inevitable. Whereas about 10½ lb. of crude are needed in a first line 6.00 x 16 tire weighing about 21 lb., a retreader can resole it and make it do the job of a new tire with 7½ lb. of camelback containing perhaps 40% of crude rubber. Retreaders currently are using more second- and third-line camelback, containing less crude, so as to compete with low new-tire prices.

Meanwhile, the nation's rubber supply as of June 1, including manufacturers' and dealers' stocks, and Rubber Reserve Co.'s stockpile totaled 363,476 long tons. Add the 147,459 long tons afloat to our shores, and the total of 510,935 long tons is equivalent to 7.5 months supply on the basis of current consumption, which has averaged 68,054 tons monthly this year.

Any scramble on the part of industry for rubber, which would create a wild crude rubber market, apparently will be obviated by the government's plan to take over buying and importing (BW—Jun.21'41,p64).

SAVE YOUR TIRES!

With the government undertaking rationing of crude rubber, tire makers are appealing to fleet operators and individual motorists to observe a few simple rules to get more mileage. Here, for example, are the do's and don'ts advocated by John L. Collyer, president of B. F. Goodrich Co.:

Keep tires at the right air pressure. If you change a tire, check the air after a few miles.

Change tires from wheel to wheel at least every 5,000 miles.

Keep safe tires on all wheels—a blowout destroys a complete tire.

Don't take corners at high speed; that wears tires faster than anything else.

Never slam on your brakes except to prevent an accident.

Have wheel alignment, front and rear, checked regularly.

Give your tires personal inspection from time to time.

Don't drive too fast on hot, dry roads. Heat speeds wear.

Start gently; don't spin wheels and grind off rubber.

Don't bump curbs. No tire will withstand such abuse.

If your car begins to steer queerly, pull off the road and check tires.

Oil Defense

Petroleum industry's meeting with Ickes brings out plans for meeting transport shortages by more efficient use of products.

To date the oil industry has been agreeably surprised by Interior Secretary Ickes' handling of his new job as petroleum coordinator. Forthright Harold was handed the assignment when diversion of 50 tankers to aid Britain caused a reduction of nearly 20% in the fleet serving the populous Northeast and brought to that region a threat of a year-end shortage in gasoline and fuel oil. The 1,000 representatives of petroleum interests who met in Washington last week remembered the arguments of NRA days and their suspicions that Mr. Ickes has a yen for government control with himself as dictator. But, while much of the credit for getting their meeting into step was given to the deputy petroleum administrator, Ralph K. Davies, vice-president of the Standard Oil Co. of California, they found the Secretary to be highly cooperative.

• **Regional Setup**—Evidence of a desire to get along with the industry appeared in Mr. Ickes' announcement of a setup that would divide the country into five regions for consultation and administration. Each area would have four industry committees representing production, refining, transportation, marketing. Membership would be balanced between major companies and independents.

Activities of Thurman Arnold's anti-trust boys have made the oil men gunshy of cooperative agreements. The Washington meeting was vastly relieved by assurances from Attorney General Jackson, recently appointed to the Supreme Court. In a letter to John Lord O'Brian, general counsel of the Office of Production Management, the Attorney General stated that compliance with requests from OPM or from the Office of Price Administration and Civilian Supply, when approved by general counsel of these bodies, would not be viewed by the Department of Justice as a violation of the antitrust laws.

Oil men know they can increase tremendously the transportation obtained from present facilities, if only they can combine to cut out the lost motion resulting from the crosshauls and backhauls involved in the normal competition for gallonage. Their best men are right now blueprinting the changes to make the minute they get the nod from Washington. Then a short and cheap pipeline interconnection at one place may salvage 10,000 bbl. a day for Manhattan, and, permitting a refinery to run on crude from a competitor's

supply, may free an entire unit for more production. Oil men emphasize the point that the present problem is one wholly of transportation, say that output could be stepped up by a minimum of 25% next week, without any new production installations, if they knew where they could sell the increase.

• **Rations for Everybody**—In discussing the need for immediate shifts to provide greater deliveries pending the building of new tankers and pipelines, the Washington meeting reported wide support for the American Petroleum Institute's idea that rationing, when and if, should be applied to the entire country and not to the threatened Northeast alone, since this would spread and lighten a national responsibility (BW—Jun.14'41,p18).

Approval was also voiced for efforts to hurry congressional action on the Cole Bill to boost pipeline construction and on legislation to ease ship inspection laws (to allow 4% heavier loads on tankers). Without waiting for the legislation, the oil industry has gone ahead with plans for a \$62,000,000 gasoline trunk pipeline from Texas City to the New York harbor marketing area, and the companion crude line is under discussion.

In the meantime, various moves have been made by Washington: (1) Coordinator Ickes has asked OPM Priorities Chief Stettinius to consult him before granting priorities to any oil companies, the idea being to direct the use of supplies so as to fit into government plans; (2) the oil industry will be asked to forego expansion of service stations and bulk plants; (3) Price Administrator Henderson has asked that his OPACS be consulted before any further price advances are made; (4) refineries may be called on to reduce the number of their grades and to change their crude runs—a simple matter since modern practices enable a plant to vary the percentage of gasoline, fuel oil, other products to fit current requirements; (5) efforts will be made to cut down unnecessary hauling, whether by rail, highways, or waterways.

• **Economy Drives**—Drives for economical use of gas and fuel oil are getting under way. The American Automobile Association estimates that more efficient and slower driving would save 20% of gasoline now consumed—which would render other remedial measures unnecessary. Mr. Ickes has announced that voluntary restriction will be tried before compulsions are employed. In Washington a conservation committee made up of local A.A.A. officials is making suggestions that may set the tune for other communities. Here are some of the proposals:

Restrict taxicab cruising and provide more taxi stands. Induce bus drivers to cut off engines whenever possible and avoid racing motors. Ask business concerns to make fewer deliveries to

Why "THE FORGOTTEN MAN" was remembered this year



ROBERT BENCHLEY, currently starring in Paramount's new short, "The Forgotten Man"

OLD MAN DADDY—"The Forgotten Man"—was showered with more presents this Father's Day than ever before. And makers of every product conceivable as a gift reaped bonus business.

This year The Saturday Evening Post joined the campaign—with a hard-hitting selling promotion featuring Paramount's popular comedian, Robert Benchley.

A page ad in the June 7th Post showed Benchley telling people what fathers really want—urged the Post's millions of families to buy at stores displaying Post-Benchley signs. Complete tie-in material was offered the trade, exclusive for one store in a city.

Men's wear and department stores nearly fought for the promotion. They wired and wrote and telephoned

for it. Well before Father's Day, 550 stores in 550 cities—in every state in the union—had signed up.

They ordered 13,038 Post-Benchley tie-in pieces—5,023 reprints of product advertisements. They ran hundreds of thousands of dollars' worth of local newspaper ads, including full pages. They used their best window and counter space for displays.

This big response to a special promotion resulted from two important facts: (1) The promotion was keynoted by *advertising* designed to move standard merchandise; (2) the trade has cash-register knowledge of this vital selling point...

That people read advertising in the Post more *attentively*—and act on it by spending money with more *confidence*.

People pay attention when you put it in the

POST



each of their market regions. Instruct service stations in making motor adjustments and in showing customers how to save gasoline. Blast at common driving habits that waste gasoline—indulgence in excessive speed, "jack rabbit" getaways, sudden deceleration at traffic signals.

● **Oil Burner Protests**—The oil burner industry is audibly resenting scare-talk of the threatened shortage. In a statement issued last week the Oil Burner Institute declared that the deficiency revolves around increases over last year's consumption and charged that in the East Coast area "gasoline is going on a veritable joy ride." Nevertheless, it says, the expected dearth "has been foisted on the users and makers of oil burners and they alone, up to the present time, have been served up on the altar of sacrifice." The Institute asserts that the situation is temporary, that people should be "warned against incurring the expense of throwing out their oil burners for coal furnaces." The industry's committee for national defense plans a "war-on-waste" advertising campaign to show how much oil (and expense) can be saved by the proper servicing of equipment.

Packers' Answer

Antitrust indictment just one more example of conflict between two U. S. departments, Chicago defendants say.

Meat packers indicted last week at the behest of the antitrust division were quick to point out that the Department of Justice was catching them up for doing things which had the apparent blessing of the Department of Agriculture. Thus they aired once more the same question of possible conflict of interests between the two federal departments that was raised in the evaporated milk case (BW—Jun.14'41,p39).

Charges brought against the packers by the food grand jury, which has been in session at Chicago since early May, centered on activities of the Chicago Sub-Committee of the Joint Marketing Improvement Committee Sheep Section. Thomas E. Wilson, chairman of Wilson & Co., who was named in the true bill, at once pointed out that these activities were fully known to the Packers & Stockyards Administration of the D. of A., and that the PSA has given no indication of disapproving. He called attention to the specific endorsement of the Committee's objectives made in a public address by a D. of A. official at Chicago as recently as June 7.

● **Indicted for Price-Fixing**—Indicted for conspiring to fix the price of live sheep sold at Chicago are Swift & Co., Armour



CURB TELLER

Newest thing in banking facilities is the "curb teller" installed by the American National Bank of Portsmouth, Va., for use by motorists. It's a steel box built at the curbstone. A teller is on duty several feet below the sidewalk. He can see customers (and vice versa) by means of a periscope system of mirrors, and can converse with them by means of a two-way speaker system. Deposits and other transactions are handled on a small electric elevator from car to teller.

& Co., and Wilson & Co.; two officers or employees of each; an order buyer, who purchases sheep at Chicago for shipment to packers elsewhere; the American Meat Institute; and the long-named committee. The apparent connection of the institute is that its vice president and livestock specialist, H. R. Davison, served as secretary of the committee. Most meetings of the committee have been held at Chicago's Union Stock Yards.

The Joint Marketing Improvement Committee is a national body organized in 1939 by meat packers, stock growers' marketing cooperatives, livestock commission firms, and livestock exchange members to foster marketing of animals through central stockyards instead of by direct selling. It is governed by representatives of these various interests. The Chicago Sheep Section is presumably to attract to Chicago marketable mutton on the hoof.

● **Against Stock-Raisers?**—Daniel B. Britt, special assistant to Thurman Arnold in charge of the Chicago food cases, was quoted as saying that these indictments are concerned not with prices to consumers, but with a conspiracy to de-

press prices paid to livestock-raisers. Packers ask how they could have got away with any such shenanigans under the suspicious eyes of their stock-raiser colleagues on the committee.

Specifically, it is charged that the defendants suppress competitive bidding in live sheep; that the indicted meat-packers agree upon their respective shares of the day's receipts and bid accordingly; that they agree upon and follow rules controlling (1) the order in which sheep-buyers deal with each sheep salesman, (2) the time-length of such negotiations, and (3) the prices and other terms and conditions of bids and sales. Also, that Saturday buying rules prescribe that sheep buyers shall toss coins to determine the order in which each buyer shall deal with each sheep salesman.

● **"A Better Break"**—Packers assert that all rules complained of are designed solely to make for marketing that will give the farmer a better break, and cite the coin-tossing as the perfect example. Very few animals arrive on Saturdays, and then only when delayed in transit. Lambs are especially unwelcome then, not only because they must be fed and watered over the week end but also because they are so fragile that deaths and broken bones cause unavoidable shrinkages to a pen held two days.

Glass-Cracking

Government seeks to prove that stabilization in glassware industry was really restraint. Case grows from TNEC hearing.

Where does legitimate stabilization leave off and illegitimate conspiracy in restraint of trade begin?

In Judge Kloeb's federal court, Toledo, Thurman Arnold's antitrust boys and attorneys for the glassware industry have hold of opposite ends of this old controversy. They had been going 'round and 'round since Mar. 3, except for a short recess in May, when Judge Kloeb on June 18 ordered the trial recessed until Oct. 14. Defendants in the antitrust suit are the Glass Container Association, 10 manufacturing companies, and 97 individuals. Mainspring of the government drive is a Supreme Court ruling (BW—Dec.16'39,p18) holding that a legal privilege, as conferred in a copyright or patent, cannot be used for illegal purposes.

● **A TNEC Disclosure**—The government had expected to complete its case before summer recess, but fell short by a few days. Heads of several companies went on the stand to testify with considerable indignation that they did not know that Hazel-Atlas Glass Co. (a defendant) was sharing in the patent royalties of Hartford-Empire Co. (the No. 1

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2. Organizing toolrooms to make possible more productive hours from every available die and small tool.

3. Selecting shop containers of the most efficient size and shape for handling materials in production; or, if indicated, design special types of containers for the particular job.

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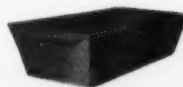
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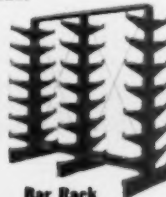
(Patent No. 2-202-427)



Steel Work Bench



Assembler's Bench
(Patent Applied For)



Bar Rack



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BY USING
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Gulf Refining Co., Hooven, Ohio



CAREYDUCT (All Asbestos Duct)
Berkart Mfg. Co., St. Louis, Mo.



CAREY ELASTITE INDUSTRIAL FLOORING
Aluminum Co. of America



CAREYCLAD ROOF COATING
Crosley Corp., Cincinnati, Ohio



CAREY HEAT INSULATIONS
Industrial Rayon Corp., Painesville, Ohio

Numerous products developed by CAREY release resources needed for defense; this is important from a national viewpoint. Likewise, it has its advantages to industry, for experience has proved the superiority of CAREY materials in service and has demonstrated their ability to cut maintenance costs drastically.

Fireproof CAREYSTONE Roofing and Siding have definite advantages in permanence and low upkeep... CAREYDUCT, the all-asbestos prefabricated duct for air-conditioning systems, is superior to and costs about the same as insulated metal duct... CAREY ELASTITE Industrial Flooring provides a heavy-duty, long-wearing and resilient floor surface at relatively low cost... CAREYCLAD Roof Coating preserves the life of metal and Built-Up Roofs... CAREY HEAT INSULATIONS help conserve the nation's fuel supply.

Carey Rock Wool Insulation, Carey Built-Up Roofs, Careystone Wallboard, and other CAREY Products offer advantages in high efficiency and low upkeep.

If you contemplate plant expansion or improvement, our book, "Proved Protection against Wasted Profits," should be of interest. Write today, department 29.



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Florigold Citrus Corp., Lake Alfred, Fla.



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Frankfort Distilleries, Louisville, Kentucky

INDUSTRIAL BUILDING PRODUCTS OF
ASPHALT—ASBESTOS—MAGNESIA

Roofing... Siding... Flooring... Insulations... Roof Coatings and Cements
Waterproofing Materials... Expansion Joint... Asbestos Paper and Millboard

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Dependable Products Since 1873

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defendant) until the fact was brought out via a Temporary National Economic Committee hearing in 1938 (BW—Dec. 17'38,p14). It was asserted that the arrangement gave Hazel-Atlas a secret and unfair advantage over competitors.

Under a 1932 contract Hazel-Atlas pays Hartford-Empire a standard royalty for the use of glass-making machinery. In return Hazel-Atlas receives a third-share of Hartford-Empire's income in excess of \$850,000 annually. It is this contract which the government contends is illegal. Pending settlement of the suit, the government has obtained from Judge Kloebe an order impounding money transfers under the contract. The first payment under the order to the Toledo clerk of courts by Hartford-Empire was \$387,000, and by Hazel-Atlas, \$211,000. Another instalment will be due shortly. On the basis of 1940 figures, the court will take custody of about \$2,800,000 annually until final disposition of the case. (Last year the difference in cross-payments was about \$600,000 in favor of Hazel-Atlas.)

● **Considered Suit**—Government witnesses described steps covering mergers and licensing agreements in the industry. George A. Ball, maker of the famous fruit jar, declared that he was pretty mad upon learning of the Hazel-Atlas-Hartford-Empire agreement after the TNEC hearings. He said his firm (it is a defendant, too) considered suing Hartford-Empire for damages on the strength of the revelations.

Witnesses told of attempts to get into glassware manufacturing and of being stymied by their inability to obtain necessary licenses from Hartford-Empire. In each case the company's cross-examination sought to bring out that the prospective glass manufacturers failed to prove financial responsibility. The unsuccessful applicants asserted that Hartford-Empire told them that already there was too much manufacturing capacity in the field. The government also offered testimony to show that many manufacturers who did get licenses were restricted by Hartford-Empire in the number of units of a particular type they could produce annually.

● **More Competition**—Government attorneys made much of testimony to the effect that recently Anchor-Hocking Glass Co., Lancaster, O. (another Toledo defendant), has entered the field of heat-resisting ware in competition with defendant Corning's "Pyrex." They claim that this is an illustration of how the anti-trust drive will loosen up competition and broaden manufacturing activities.

Last fall the government talked confidently of a consent decree in this case. The tentative terms didn't propose a dissolution of Hartford-Empire but did demand a drastic relaxing of its patent-controls. The deal fell through when the companies balked and decided to

fight it out. If the government gets what it asks of the court, it will mean the end of Hartford-Empire as a patent holding organization and injunctions against various practices which the companies claim they never engaged in illegally but which they protest have been discontinued anyway. Mr. Arnold's men claim that the result will be cheaper prices to the consumer. After 13 weeks of trial, the record fills 5,900 pages. A total of 2,025 exhibits has been introduced in evidence.

Rail Car Priorities

Roads hasten to take advantage of Stettinius ruling. Equipment-makers' backlog of orders is growing steadily.

Railroads are continuing to order more equipment though now it's mostly in anticipation of handling their 1942 traffic. What's more, they're being assured that materials will be made available for the construction of all the freight cars and locomotives they'll need.

E. R. Stettinius, Jr., OPM's director of priorities, last week helped freight-car builders to obtain materials by allotting them a blanket priorities rating of A-3. This puts railroad equipment on a par with airplanes and ships so far as material preferences are concerned. The rating applies not only to regular equipment companies, but also to suppliers and railroads which build their own cars. It includes not only orders for critical materials but also for cutting and other perishable tools and equipment. The order does not cover machine tools; which are rated by special application.

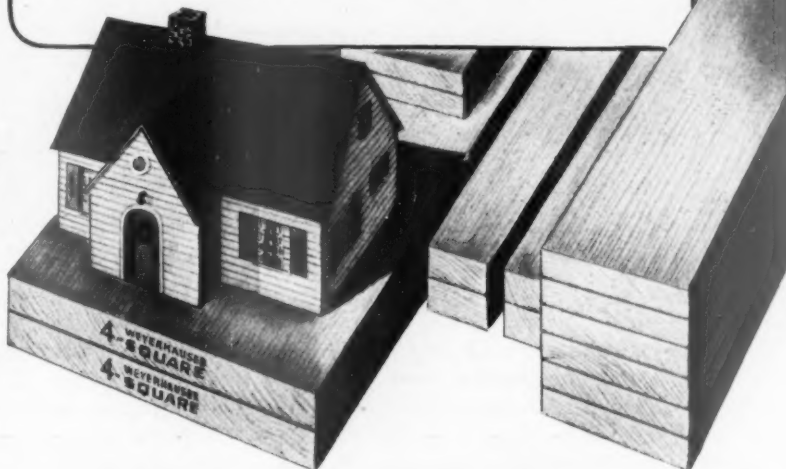
• **Large Burden Cited**—In announcing the action, Stettinius explained that a large burden has been placed on freight-car builders by the national defense program, which has placed heavy demands on the country's rail transportation system. Roads now are scurrying about to find out just how the order applies to them and how to take advantage of the priority. For even when a preference is given, not everybody can be served at once.

The \$200,000,000 backlog of railroad business held by equipment-makers on Apr. 1 (BW—May 17 '41, p28) has been increased considerably during the past few months. Class I railroads on June 1 had 65,047 new freight cars on order, the largest number on order at any one time since 1924, according to the Association of American Railroads. The total is more than four times the comparable figure on the same day of 1940. The same roads on June 1 had 517 new locomotives on order, of which 231 were steam and 286 electric and diesel-electric, compared with 129 new loco-

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Because Timber is a Crop — and lumber a renewable resource, there is lumber available for National Defense and for your needs too.

During the past 12 months the men of the lumber industry have delivered on two enormous assignments. First they produced over two billion board feet for the construction of cantonments for a million two hundred thousand soldiers — as well as lumber to house half a million defense workers, and for use in shipyards, docks, depots and bases.

The second assignment was the production of lumber for civilian needs, for shop and factory, for the construction of new homes and farm buildings, and the remodeling of existing structures. And this second order exceeded the normal production of the previous year.

Right now is a good time to build. A home of your own is the safest, soundest

investment. It enables you to peg your housing costs and nail down the value of your dollar. Homes are easier to finance, on longer terms, with favorable interest and monthly payments. And to help you get greater home values, Weyerhaeuser makes available Fifty 4-Square Home Designs, each one architect designed and Weyerhaeuser engineered.

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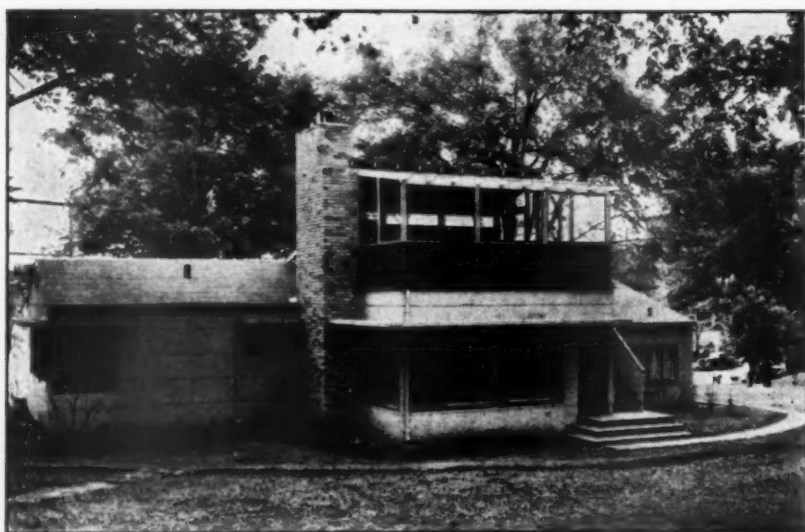
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Address

City.....State.....





IDEA HOUSE

A house is usually planned from the outside in—for looks, whereas it should be designed from the inside out—to meet the living needs of the occupants. That's what the sponsors of a home built by a Minneapolis museum think. That's why their house has rooms like the living-dining room (below), with a heavy curtain to slide along a curved rod in the ceiling to close off the dining space while the table is set and cleared.

The Idea House, built by the Walker Art Center in Minneapolis—with

the aid of more than 40 business concerns and labor organizations—drew 8,000 visitors within a fortnight of its opening. It consists of three main "spaces"—living-dining room, bedroom-study-dressing room, and kitchen—which can be divided into six rooms. There is no basement—merely an excavation below the frost line, with a ground-floor utility room for heating, laundry, and storage facilities. All furnishings and equipment are procurable locally. Participants do not solicit business on the premises, but each visitor is given a checklist to be deposited in a box as he leaves.



motives which were ordered a year ago.

• **Equipment Trust Issue**—The Pennsylvania Railroad will add materially to this total. Pennsy last week announced plans to sell a \$23,000,000 equipment trust issue to finance the construction, in its

own shops, of 6,020 freight cars, 50 cabin cars, 15 electric locomotives, and 12 locomotive tenders. The road also bought 10 lightweight streamlined coaches.

With the heavy movement of defense goods, together with an unusually large

crop to be brought to markets, emphasis has been focused on freight cars, perhaps at the expense of passenger cars—which may mean that the trend toward more comfortable and swifter travel will be interrupted. First big passenger-capacity test will come during the long July 4 week-end, when furloughs will be granted to many thousands of drovers and service regulars. Roads are confident that they'll be able to handle all demands. But you may expect fewer "special excursions" to be advertised.

ICC Saves 189 Jobs

And rail men wonder if veto of C. & S. lease plan does not set precedent which will effectively ban all mergers.

Railroad men this week were asking themselves if railway mergers are not effectively prohibited by an Interstate Commerce Commission backflip on the now-celebrated plan of the Colorado & Southern to lease the Fort Worth & Denver City (BW—Feb. 22 '41, p28). By a 7-4 vote, the commission invalidated the decision of its Finance Division which would have permitted the lease and thus, in effect, merged the subsidiary F. W. & D. C. with parent C. & S. Sixty-seven employees would have been transferred and 189 discharged.

C. & S. said that after employees severance had been taken care of, or in about five years, the consolidation would save more than \$300,000 yearly. The commission said that was guessing too far ahead.

• **Opposing Viewpoints**—Said the majority: "Whenever railroad expert labor is compelled to readjust and adapt itself to another industry, there is a substantial loss . . ." Said Chairman Joseph B. Eastman for the minority dissenters: "I am unable to agree . . . that the public interest would require the railroads to maintain a force of unneeded employees . . ."

In whipping up opposition to the consolidation (BW—Feb. 22 '41, p28), Amon Giles Carter, Fort Worth publisher, advocated boycott of the Burlington System, parent of the C. & S., if the deal went through, hinted its taxes might be raised to cancel savings.

Carter's activities, however, were lambasted by Commissioner Joseph B. Eastman, one of the four dissenters. He said the opposition to the consolidation "resembled a Kentucky feud or an Italian vendetta."

The plan would have closed shops at Childress, Tex., and offices at Fort Worth, and would in effect have created a new 1,700-mile unified railroad system sprawling from Wyoming to Dallas, Tex., with headquarters in Denver.

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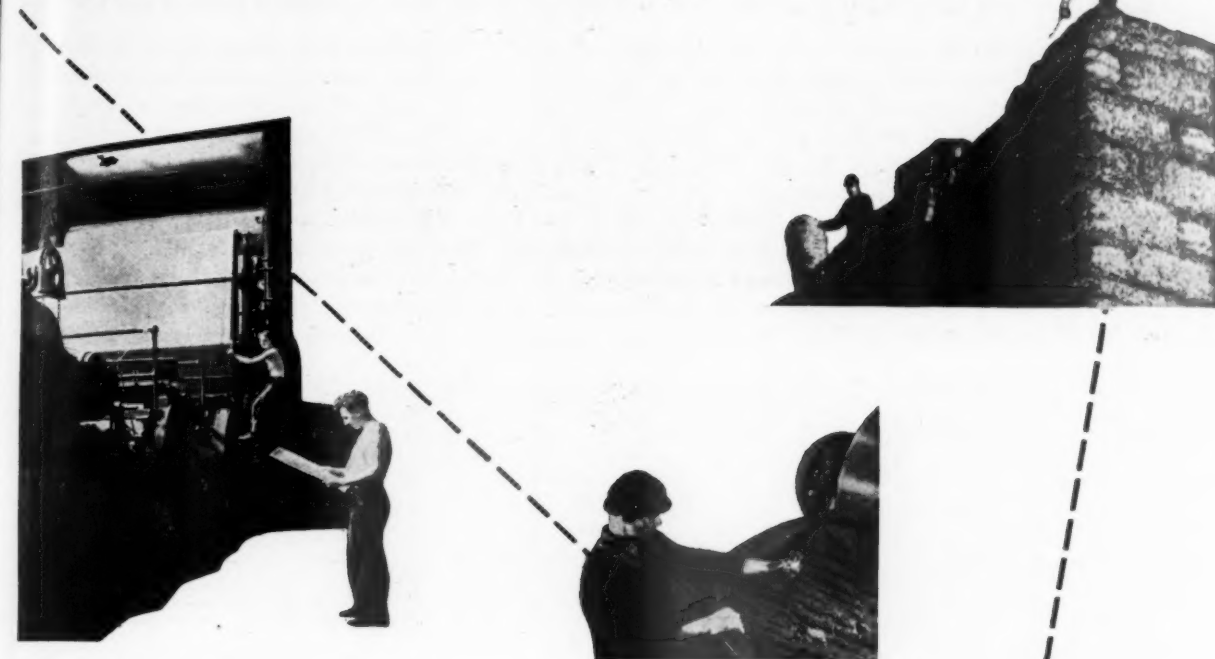
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how many people in a package?

Paperboard packaging is a job for specialists.

On Container Corporation's staff are chemists, laboratory workers, skilled mechanics, engineers, printers, artists, lawyers, traffic and sales-promotion

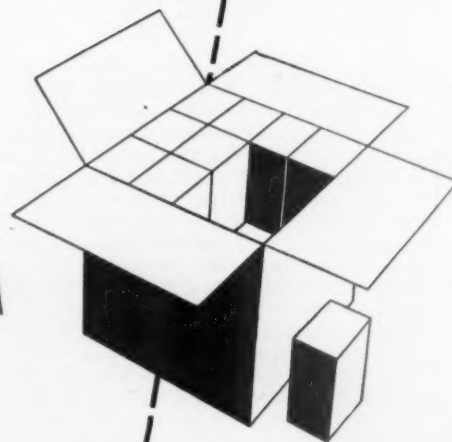
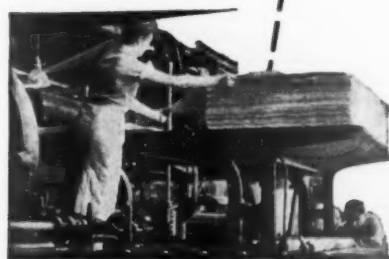
experts—to name a few. Each man's contribution to the production of a shipping case or folding carton is vital to the success of the finished package.

Container Corporation's control of raw materials, paperboard manufacture and package fabrication makes this thorough approach possible. And a staff of progressive, alert and experienced men and women has won a position of leadership in the packaging industry. For customers, their co-operation means control of quality, dependable supplies and favorable costs. Strategically located plants, manned by specialists, are at your service—through the nearest Container Corporation office.

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Chicago, Illinois, and 21 Other Strategically Located Cities

Corrugated and Solid-Fibre Shipping Cases
Folding Cartons • Boxboards



THE QUARTERLY MARKET OUTLOOK—

Advances in buying power—in industrial and agricultural areas alike—will be fairly sharp during the next three months. But regions which have lagged since the defense effort started in earnest a year ago, are likely to do some catching up. The Kansas City Reserve district is especially promising.

Income in farming sections will improve largely because of the 85%-of-parity crop-loan program. This is already suggested by the better-than-average spurts in Business Week's Regional Income Indexes for May for such cotton-, tobacco-, and wheat-pro-

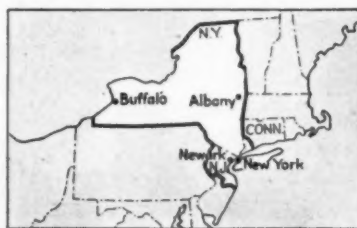
ducing areas as Richmond, Atlanta, St. Louis, Kansas City, and Dallas (page 32). But farm income is bound to rise, since the lend-lease program has lifted prices of cattle, hogs, poultry, dairy products, etc.

Throughout industrial areas, new airplane, ship, and ordnance plants will be going into operation, and such spots as Bridgeport, Cincinnati, Hampton Roads, Birmingham, Wichita, Seattle, and other cities where Army and Navy production is being concentrated should prove to be extremely attractive as sales producers. The improvement in industrial sec-



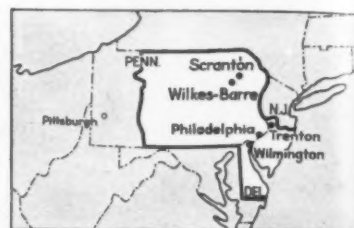
61,345 sq. mi. pop. 8,004,563

The armament cities and towns, in Connecticut and western Massachusetts, are still the best sales bets in this Reserve district. But the diversion of consumer buying power from automobiles, refrigerators, etc., should lift demand for the products of shoe and textile factories. This will boost employment and sales prospects in southern New Hampshire, eastern Massachusetts, and Rhode Island. Rural Maine, Vermont, and northern New Hampshire are apt to lag, and the marketing outlook for the district as a whole will still remain below the national average, though the gap should be closed somewhat.



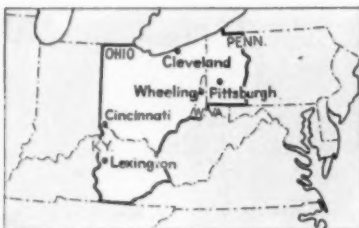
51,886 sq. mi. pop. 17,023,832

New York City is a drag in this area. Except for shipbuilding, defense is only a minor factor in the city's economy. And though apparel manufacturing is rising, payrolls in commercial and financial offices—far removed from direct war stimulus—are slow to respond to industrial gains. In such central New York cities as Schenectady, Utica, Buffalo, Elmira; in Long Island aircraft towns; and in the northern New Jersey factory areas of Paterson, Kearny, Dover, Harrison, and Caldwell, new defense plants are boosting payrolls and retail trade. But for the district, income will continue below average.



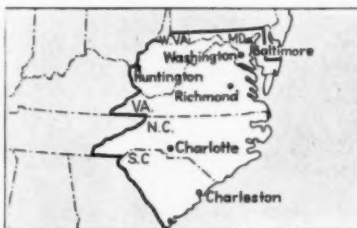
36,846 sq. mi. pop. 7,772,290

Armament production, plans for new steel capacity, and an increasing demand for nondurable consumer goods (textiles and shoes) are lifting both short- and long-term income prospects in this Reserve district. Scranton, Wilkes-Barre, Trenton, Reading, and some of the western coal and steel towns may not show rapid advances in buying power during the next few months. But industrial operations in Wilmington, York, Allentown, and in Philadelphia and its industrial environs—Norristown, Eddystone, Chester, Camden, and Hatboro—are rising rapidly enough to lift the district's average to that of the country.



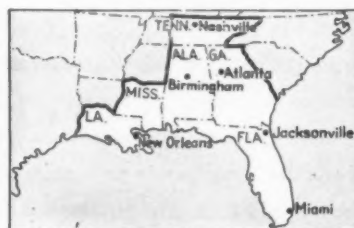
73,424 sq. mi. pop. 11,783,897

Three months ago sales prospects in the eastern half of this district, the Pittsburgh-Youngstown-Wheeling steel-coal area, seemed headed for a slump; industrial operations were limited by steel capacity, and armament awards were few. However, recent steel and coal wage boosts, and the plan to raise steel capacity, have jumped sales potentials there. In the western half of the district, including such centers as Cleveland, Akron, Canton, Toledo, Dayton, Cincinnati, Columbus, armament expansion continues to hoist retail sales more than average. So, the district income curve should hold above the nation's.



152,316 sq. mi. pop. 12,303,392

The increase in tobacco and cotton loan values to 85% of parity will mark a sharp reversal in rural income prospects in the Carolinas (BW—Mar. 29 '41, p. 36), even though cotton textile and tobacco manufacturing towns are apt to lag behind other industrial centers. In Maryland, West Virginia, and Virginia, airplane, shipbuilding, ordnance, and government payrolls are at high levels, and this district should hold its place at the head of the income parade. Baltimore, Washington, Hampton Roads, and Army cantonment and defense-plant sites throughout the area are especially apt to reward intensive sales efforts.



248,226 sq. mi. pop. 12,573,923

Two factors have contributed to lift income prospects in this Reserve district: (1) the cotton-loan price boost to 13.5¢ per pound and (2) the accelerated flow of awards for new defense plants, bases, and camps. As a result, rural-urban income contrasts have been substantially evened out, though northern Alabama and Tennessee are still getting most of the new armament factories. Except for particular spots (BW—June 21 '41, p. 42), Florida, Louisiana, and Mississippi are apt to lag somewhat. However, unless the current drought is prolonged, income expansion in the region should match the nation's over the next few months.

-A GUIDE TO REGIONAL SALES TRENDS

tors is doubly compounded: Employment will be rising as new factories start up, and wage increases—steel, coal, autos, etc.—are boosting workers' income.

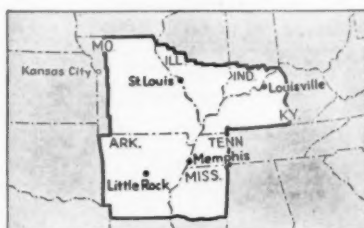
Nondurable consumer goods areas will be especially favored this quarter. As priorities restrict the production of automobiles, refrigerators, washing machines, and other durable consumers goods, it is likely that the buying power which would normally go for such purchases will spill over into wearing apparel and home furnishings. This will stimulate employment and payrolls in clothing, shoe, and woolen and cotton

textile plants, and should lift the prospects of such laggard Reserve districts as New York and Boston.

From that it does not follow that automobile and refrigerator towns will be hard hit. Invariably, companies which make durable consumer goods are producing armaments—airplanes, tanks, ammunition, and so on. Thus, even though nondefense centers should gain during the next three months, the armament areas, as the following district-by-district analysis indicates, still deserve top ranking in longer-term sales promotion and advertising schedules.



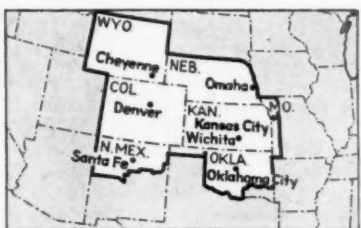
Expansion and acceleration of this Reserve district's vast defense industries—steel, bombers, aircraft engines, tanks, freight-car building, ordnance, etc.—will continue to produce better-than-average expansion in sales potentials. And district hog, poultry, and dairy farmers will benefit from government price support of these products, even though rural prospects will still lag behind urban. Curtailment of durable civilian goods production, primarily automobiles, may cause some temporary employment dislocations as auto and parts manufacturers shift over to more intensified armament output.



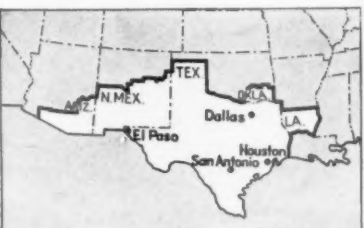
This is the country's most diversified and most typical Reserve district. And income and sales can be expected to parallel the nation's (chart, page 32). Laggard buying power in the southern portion will be lifted by the boost in cotton prices and by defense awards at Memphis and Milan, Tenn., and Little Rock, Hope, Marche, Jacksonville, and Fort Smith, Ark. In the north, armament expansion continues at St. Louis and Louisville and the advance in coal wage rates has stimulated purchasing in southern Illinois and Indiana; rising farm prices—tobacco, rice, wheat, dairy products—have helped this district generally.



Dollar-loan wheat and federal support for hog, dairy, and poultry quotations will boost income sharply in this far-flung agricultural region over the next few months. Perhaps, if crops are especially good, gains in the wheat-growing Dakotas, western Minnesota, and eastern Montana may outstrip the nation, percentage-wise. Otherwise, except for Iron Range towns and scattered armament centers, the area is likely to lag, especially over the longer term. The limited volume of defense contracts—despite recent awards—suggests that this Reserve district will not keep pace with the industrial sections of the country.



Bumper wheat and feed crops, together with federal aid to wheat and livestock prices, point to sharply increased spending in the agricultural parts of this area. In addition, many awards have been made for new defense plants and camps—at Wichita, Parsons, Denver, Cheyenne, Tulsa, Omaha, the Kansas Citys, and other points. The net result should be a sharper-than-average income expansion over the next few months. (The low Regional Index here should close in on the national average.) However, prospects are uneven, with Kansas and Oklahoma (because of defense plant concentration) running ahead of the district.



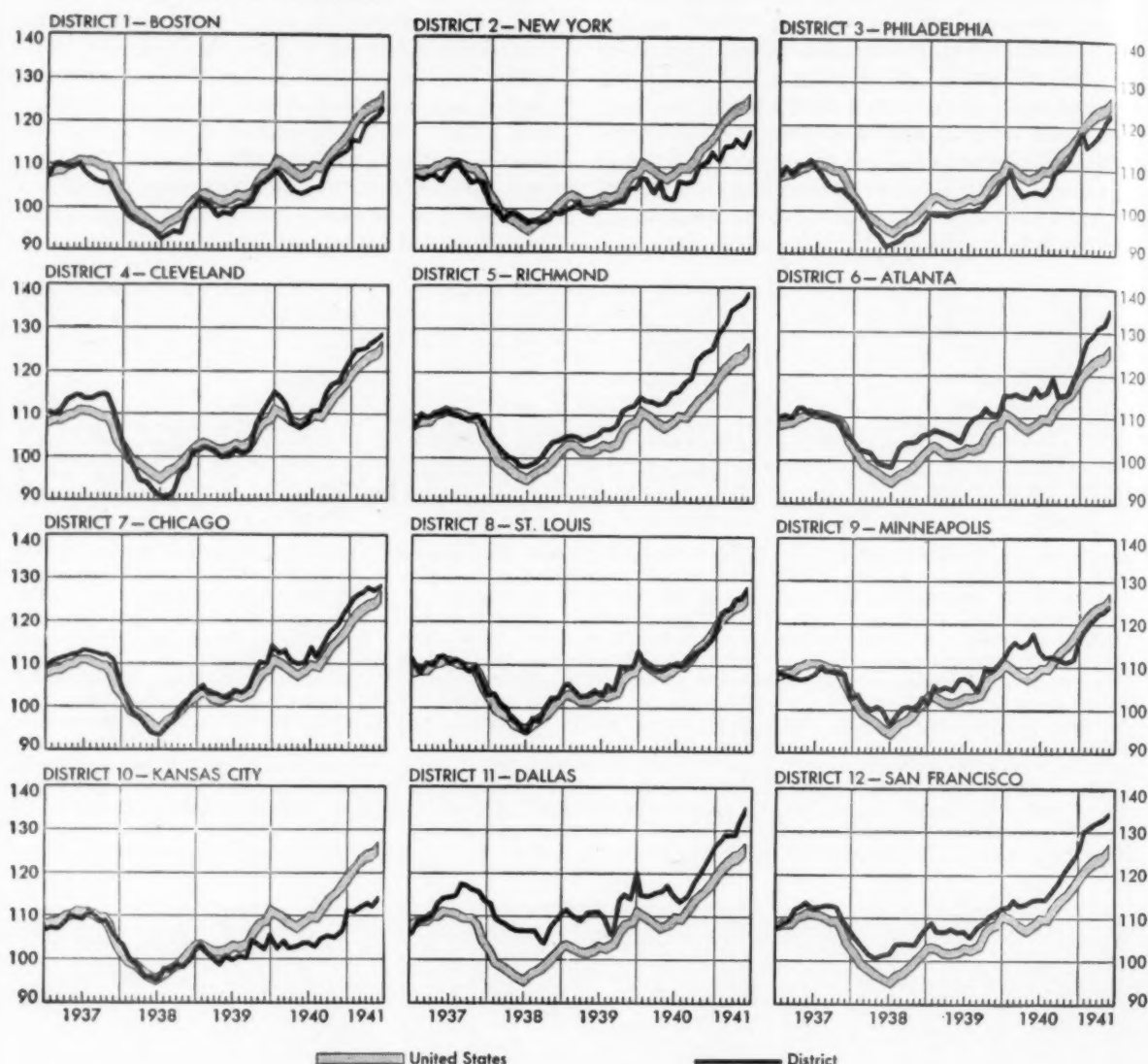
As in most agricultural areas, the rise in farm prices (due to 85% of parity loans and lease-lend shipments) has lifted income prospects here materially, especially in cotton-growing sections. District industrial and distribution areas—Ft. Worth-Dallas, Houston-Baumont, San Antonio—will benefit directly from defense and indirectly from farm gains. Outstanding will be such defense camp and plant sites as Minden and Monroe, La., Brownwood, Mineral Wells, Texarkana, Corpus Christi, Tex. However, a below-average share in national defense opportunities is apt to retard longer-term prospects.



As a basic shipbuilding and airplane center, this Reserve district is destined to run well ahead of the country in future income and sales gains, especially if plans mature to locate new aluminum, magnesium, and steel plants here. Such industrial areas as Seattle, Portland, San Francisco, and Los Angeles, and the many factory towns clustering around them, are outstanding opportunities. Exceptional inland sales spots are few. Farm income is lagging behind urban payrolls, but prospects are improving. Lease-lend aid to Britain has boosted prices for such farm products as livestock, dairy products, fruits, and vegetables.

BUSINESS WEEK'S REGIONAL INCOME INDEXES

A month-by-month account of the trend of purchasing power in the country's 12 Federal Reserve Districts (1935-37=100, adjusted for seasonal)



THE FIGURES:

District	*May	†April	May, 1940	District	*May	†April	May, 1940
United States	127.1	125.1	109.4	United States	127.1	125.1	109.4
District 1—Boston	123.7	122.0	104.3	District 7—Chicago	128.7	127.4	110.7
District 2—New York	118.7	115.7	102.8	District 8—St. Louis	128.2	126.2	110.3
District 3—Philadelphia	123.3	121.8	105.0	District 9—Minneapolis	124.5	123.3	118.2
District 4—Cleveland	129.1	127.9	108.6	District 10—Kansas City	114.7	112.8	104.0
District 5—Richmond	138.9	136.4	115.9	District 11—Dallas	135.7	132.5	117.7
District 6—Atlanta	135.4	132.3	117.7	District 12—San Francisco	134.6	133.4	114.2

*Subject to revision. †Revised.

All Reserve districts participated in the two-point rise in income during May. But, interestingly enough, such defense-laden areas as Cleveland, Richmond, Chicago, and San Francisco did not dominate the advance—Dallas, Atlanta, and New York were the big gainers. However,

the armament areas have been the leaders in the 16% rise from a year ago. And, as might be expected, such agricultural regions as Minneapolis and Kansas City have lagged behind other regions since May, 1940—registering income index increases of only 5% and 10% respectively.

DEFENSE BUSINESS CHECKLIST

• **Waste Paper Prices**—Leading representatives of the waste paper industry have agreed with OPACS to maintain the present price structure pending determination of whether sufficient quantities of such paper will come on the market at existing prices. Another meeting will be held with industry representatives late in July to canvass the situation.

• **Nickel Restriction**—Quality reduction, a new device for priority control of materials, is being tried by the Priorities Division of OPM. It is being applied to high-speed tool steel (BW—Jun. 21 '41, p. 50) and nickel alloy steel. In each case, all users—defense and nondefense—are being required to use a lower quality of material in order to make the strategic material go farther. Producers of nickel steel have been ordered not to use primary nickel for more than 40% of the nickel content. Thus, at one stroke, the alloying consumption of primary nickel is cut 60%.

The Army and Navy have agreed to modify their specifications to accept the lower grade nickel steel.

• **Consumer Credit**—No public policy with respect to consumer credit has yet been determined, but N. H. Engle of OPACS' Consumer Division suggests that the increased demand for credit stimulated by the defense program calls for selective rather than general restrictions as the basis for retail credit policy. In the case of selectees, individual scrutiny rather than blanket refusal is recommended by Mr. Engle, and in the case of newly employed men, inquiry into the probable duration of their employment in the locality.

He points to defense bonds, savings stamps, and the certainty of higher income taxes as limiting factors on credit, quoting one retail credit man to the effect that he is rating his customers a flat 10% under their actual dollar income.

• **Metals Amendments**—Two changes affecting General Metals Order No. 1, which was designed to prevent accumulation of unnecessary inventories, have been announced by the Priorities Division of the Office of Production Management:

(1) The General Metals Order, scheduled to expire July 15, is extended to Oct. 15, 1941.

(2) Customers of suppliers hereafter will not be required to file copies of their compliance affidavits with the Director of Priorities, as required under the original order. It is stipulated in the amendment that the customer must continue to file monthly statements with his suppliers but that he will no longer be required to also file copies with the Director.

• **Zinc Pool**—Producers of metallic zinc will be required to set aside approximately 16,000 tons, or 22% of May production, during the month of July. This is the same percentage that was required to be set aside for OPM's emergency zinc pool in June. Producers of zinc oxide will be required to set aside 10% of May production, or approximately 1,500 tons.

Whenever there is lifting the SAVING words are "Shaw-Box"

The words "SHAW-BOX" are on small hand-operated cranes of 500 lb. lifting capacity. You may read them on Electric Traveling cranes of 450 tons lifting capacity.

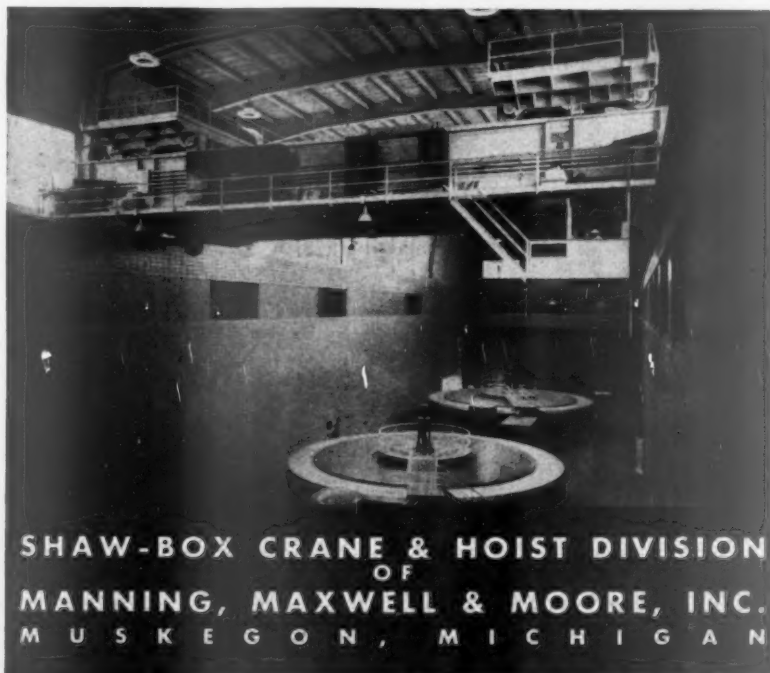
Wherever you see them, there is efficient economical lifting. For in addition to good, basic designs, there are features in Shaw-Box Cranes that make them the latest word in modern crane engineering.

Note these 8 features of the TYPE S SHAW-BOX CRANE

- All Steel "ShaWeld" Construction
- Anti-friction Bearings
- Direct Bridge Drive
- Rotating Wheel Axles
- Taper Tread Wheels
- "ShaWeld" Gears
- Hydraulic Bridge Brake
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In no other crane could you get all these or enough of them to compare—yet you pay no premium for Shaw-Box features. Let us quote on all your crane requirements.





A true story of night life on the Erie . . . he spotted a delay BEFORE it happened!



"There on the ground in the moonlight it looked like a silver splinter. But it turned out to be a chip of steel, son—maybe a calling card left behind by train 98. We wired ahead and caught her at the very next station. They found a chipped flange—cut the car out for repairs. Sure it made this old crossing watchman happy . . . spotting that delay before it happened."

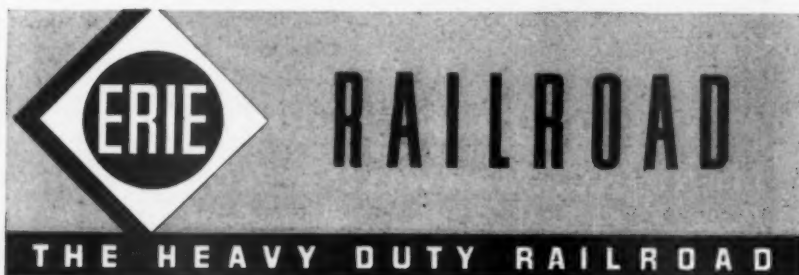
* * * *

Crossing watchman to president, there's a creed on the Erie that keeps every man on his toes . . . "the freight must go through safely—and on time."

We have the best equipment money can buy to move your goods in a hurry—modern cars and locomotives of every type, terminals, docks, and millions of dollars' worth of special handling equipment. But it's that extra something money can't buy—the alert watchfulness of every member of the Erie family—that gives you the greatest assurance of fast, safe, economical delivery *whenever and whatever* you ship our way.

Phone the Erie Agent on your next order. Or write

Carl Howe, Vice President, Erie Railroad
Cleveland, Ohio



MARKETING

Television Arrives

Broadcasters are set to begin service July 15, just to hold their franchises, but outlook for new medium is dark.

Television goes commercial July 1. After many a false start, the industry definitely is ready to offer a technically acceptable service to the public.

However, despite a hearty pushoff by the Federal Communications Commission and a reported willingness of big-time advertisers to lay some of their advertising dollars on the line to help pay the high costs of the new service, shortage of materials and engineering skills, resulting from defense stringencies, are likely to prevent a full-blown development of the industry "for the duration" (BW—May 10 '41, p. 24; Mar. 29 '41, p. 42). In short, television operators who have already shelled out \$15,000,000 to bring the art to its present advanced state are likely to spend more money before they can count on recouping their investment.

• **Beginning Service**—At any rate, National Broadcasting Co. last week announced plans to start full-commercial television operation on its W2XBS in New York, with 15 hours of visual program service weekly, in compliance with FCC requirements. NBC also stated that it expects to install and be testing a new television station in Washington by Nov. 1 and another in Philadelphia, which probably will be operating by July 1, 1942.

CBS also will start the 15-hour weekly service on its W2XAB in New York on July 1, although reception will be limited to a few sets which have been adapted to receive the signals on W2XAB's new frequency assignment. Commercial operation, so far as CBS is concerned, will await the conversion of a sufficiently large number of outstanding receivers in the New York area to receive the W2XAB signal at its new spot.

A third television "pioneer," Allen B. DuMont Laboratories, also in the New York area, currently is testing its new W2XWV television transmitter preparatory to inaugurating the required 15-hour schedule July 1, and is expected to set up a commercial rate schedule and offer its facilities to advertisers before the end of the month.

• **Changing the Sets**—One of the big problems immediately facing television operators lies in the conversion of the several thousand outstanding receivers to the new frequency assignments which

were made when the television spectrum was jiggled to accommodate the operation of another one of the broadcasting youngsters, frequency modulation or FM.

RCA Manufacturing Co., manufacturing subsidiary of Radio Corp. of America, has indicated that it would adjust free the 2,000 or more RCA sets in the New York area. DuMont, a television manufacturer as well as a broadcaster, also is planning to service its receivers.

• **A Complication**—However, no idea has been given when these changes would be started or how long they would take, since it is now evident that shortages in skilled man-power will complicate the work.

Despite comments by FCC Chairman James Lawrence Fly that television's prospect is "very encouraging", it is regarded in the industry that interest in visual broadcasting has declined perceptibly. And the industry still tinges from the jabs it took from Chairman Fly and the FCC in the spring of 1940, when "limited commercialization" was authorized, only to be rescinded by the commission a little while later amid charges that RCA was acting just too-too commercial.

• **Pressure from FCC**—In some quarters it is held that the only reason NBC, as well as others, is going through with its plans for expanding visual broadcast service to points like Washington, Philadelphia, and Chicago, lies in the necessity of making good on its agreements or losing the construction permits which were granted by the commission with the understanding that the stations actually would be built by the companies.

Logically, this would appear to be the case, since little commercial return can be expected in these communities for at least several years, because the stations would start absolutely from scratch. A whole new audience would have to be built up before any advertisers could be attracted to a sponsorship proposition.

In order to build up an audience the operator must develop and carry the entire burden of a program service sufficiently attractive to prompt the purchase of television receivers.

• **Controls Slow Sales Prospects**—At best, the prospect for receiver sales during these times is slow, if only because of a scarcity of supply. At this moment controls are being enforced on most of the materials used in radio transmitter and receiver construction—running from steel through aluminum and copper to mica.

The priorities controls have raised complete hob with radio manufacturers by forcing the development of substitutes, which often complicate the manufacturing process as well as raise the manufactured cost.

What are your plans for tomorrow?

If you build equipment or machinery that is driven by an internal combustion engine, your plans for tomorrow should include a test of Twin Disc Hydraulic Drives.

Past the experimental stages, this modern power transmission is now demonstrating that it definitely increases the daily production on such equipment as drilling rigs, hoists, locomotives, cranes and logging yarders, while at the same time its shock-absorbing qualities protect and extend the life of cables, lines, chokers, etc.

The Twin Disc Clutch Company has recently put the whole story of their research and development of Hydraulic Torque Converters, Hydraulic Clutches and Power Take-offs into a printed bulletin. Copies will be gladly sent to interested engineers or executives who request it on their business letterheads. Ask for Bulletin B-132.

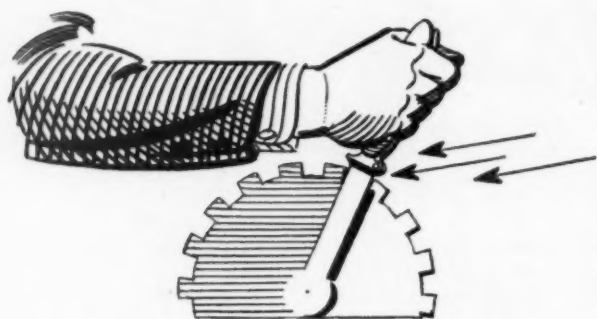
RIGHT: Twin Disc Hydraulic Power Take-off.

BELOW: Twin Disc Hydraulic Torque Converter.



TWIN DISC
CLUTCHES AND HYDRAULIC DRIVES
REG. U. S. PAT. OFF.

TWIN DISC CLUTCH COMPANY, 1365 RACINE ST., RACINE, WIS.



FULL SPEED AHEAD

on Defense Production

with modern industrial GAS equipment

"Full Speed Ahead" is the order of the day in industrial plants everywhere. And Gas answers this challenge of industry with a fuel that is speedy, accurately controllable, flexible, economical—and adaptable to any industrial heating process.

If you are working against time in your plant; if you must step up your output quickly and maintain a high rate of production indefinitely; and if, in addition, you must jealously guard the quality of your finished product and keep your unit costs

down to a profit-making level—it will pay you to investigate Gas and the modern industrial Gas equipment now available.

Your Gas company will be glad to consult with you—to survey your industrial heating problem—and to show you how other companies in your line are using Gas to advantage in speeding up production.

AMERICAN GAS ASSOCIATION

INDUSTRIAL and COMMERCIAL
GAS SECTION

420 LEXINGTON AVE., NEW YORK



Real Art for Ads

Commercial use of work of outstanding U. S. painters increases steadily as result of unique organization.

Art—genuine artist's art—has been turning up increasingly in the advertising and promotion of hard-headed business organizations that can be depended on not to throw away dollars on something that will cause comment only in a few elite salons.

A good part of the credit for this development goes to Associated American Artists, Inc., which, under the aggressive direction of Reeves Lewenthal, has sold the idea both to advertisers and to artists. Currently, Associated Artists' accomplishment is highlighted by the first exhibition, in the offices of Young & Rubicam advertising agency in New York City, of the advertisements, direct mail pieces, and house organ covers created by well-known American artists under A.A.A. tutelage.

• **Painting the Ads**—The A.A.A. was organized in 1934 to sell reproductions of the major works of a selected group of homegrown artists. Then, in 1936, it was called in by N. W. Ayer to help with a campaign for Steinway pianos. Associated Artists had Robert Philipp paint a picture to be used in Steinway's magazine advertising. In 1939, Ayer and A.A.A. got together again to produce a similar campaign for De Beers, and 12 artists were commissioned to create pictures to the diamond trust's order.

Last year, De Beers repeated, using French artists, and the ads will be continued in a similar form next fall.

• **Selling Art to Industry**—A.A.A. has branched out right and left in the past four years. Now, with the opening of a new gallery in New York City and the setting-up of an Art for Advertising Department, it's getting into full swing. Today, about 70 first-line artists work through the organization.

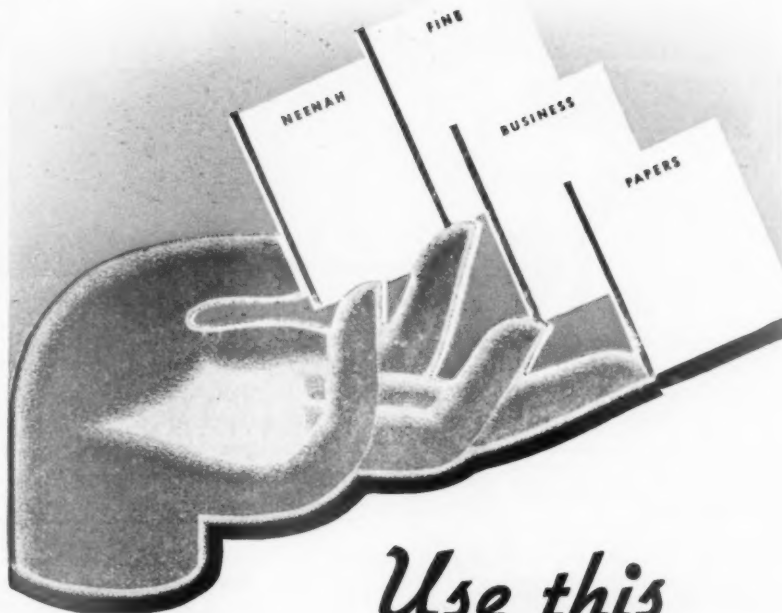
The roster includes such names as Thomas Hart Benton, John Steuart Curry, Peter Hurd, Frederic Taubes, and Grant Wood. All of them will accept commissions for original work to be used commercially. Prices for single paintings range from \$350 to \$1,500 (a few topnotchers get more), and A.A.A. stresses the fact that an advertising campaign built around these often will cost less than one using other kinds of art.

• **Long-term Investments**—This is the case with the job A.A.A. is doing for Abbott Laboratories in supplying art for the cover of its house organ "What's New," and assorted mailing pieces. Abbott had been using a superior brand of color photography, and the expense of setting up and shooting a scene

worked out to considerably more than the cost of art. Abbott also reports that mailing pieces with art covers net about a 20% higher average of inquiries than the old color photography jobs. A.A.A. points out that there's a long run economy in the use of good art, since paintings become the property of the company commissioning them. Abbott, Steinway, and De Beers have built collections around their originals and are using them as builders of good will.

• **Mountain to Mahomet**—A.A.A. will take on practically any sort of job and find an artist whose technique fits it. The organization's artists reproduced scenes from the motion picture productions, "The Grapes of Wrath" and "The Long Voyage Home," and the paintings were used in publicizing the films. Some artists are working on textile and wallpaper designs. Latest idea of A.A.A.'s publicity department is to promote artists' favorite shades as fashion colors—something on the order of "Grant Wood gray" and "Taubes blue."

Associated Artists has no hesitation about packing its sales kit and peddling its wares, and this aggressive technique is bringing results. Sun Oil Co., Baldwin Locomotive Works, Capehart, Columbia Recording Corp., and the Radio Corp. of America are included on the list of companies that have commissioned various jobs. Three popular national week-



*Use this
helping hand
in buying paper...*

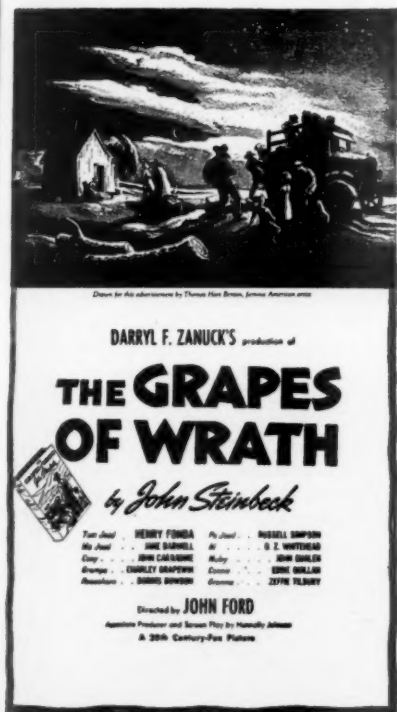
Speed and accuracy in buying are necessary today. Get both by standardizing on NEENAH fine business papers. They are guaranteed to be unsurpassed in pressroom performance, laboratory analysis and consumer satisfaction. Can you ask for more? Hereafter, tell your printer to use NEENAH papers on your orders.

Why use anything else when there is no premium for the best?

NEENAH PAPER COMPANY, NEENAH, WIS.



Manufacturers of Fine Rag Content Bonds, Ledgers, Index and Lightweights



Thomas, Hart Benton's campaign for the 20th Century-Fox movie of "The Grapes of Wrath" was one of the Associated American Artists most successful attempts to get fine art into advertising.

ARTILITY

The All-Purpose
METAL
POSTURE
CHAIR



MODEL
No. 371

A posture chair
that provides
luxurious com-
fort, combined
with pleasing
appearance—
upholstered in
a choice of
fabrics.

**MODERATELY
PRICED!**

● Like other Artility Chairs, it is ruggedly constructed of metal. Durable baked enamel finish in variety of colors.

QUICKLY ADJUSTABLE

Correctly shaped backrest, easily adjusted to fit user. No tools necessary.

Complete line of arm and side chairs for executive and office use. See them in catalog.

ARTILITY METAL PRODUCTS, INC.
629 Second St., Elkhart, Indiana



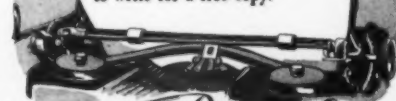
CURLS ARE PRETTY ON
YOUR SECRETARY'S HEAD...

*But a nuisance
in carbon paper!*

OLD TOWN'S
New Curlproof
DAWN CARBON

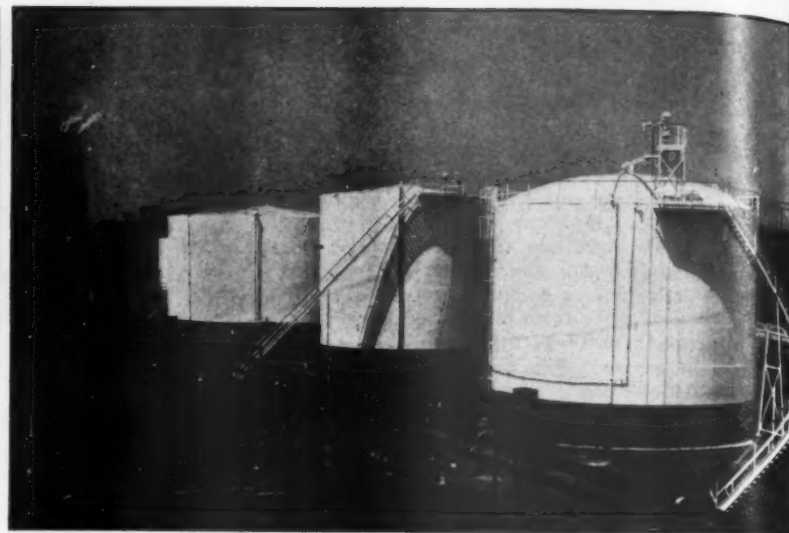
STAYS FLAT IN BROILING HEAT OR FRIGID COLD, produces crisp, sparkling-clean impressions after days of hard usage. Companies of consequence are standardizing on America's premium carbon sheet... because DAWN costs no more than ordinary curling carbon. Make your own test. Write for samples.

Companies of established prestige use OLD TOWN PURE SILK Typewriter Ribbons for executive correspondence. Our booklet "The Secret of Beautiful Letters" contains important information for your secretary. Ask her to write for a free copy.



OLD TOWN Ribbons & Carbons
"MAKE A GOOD IMPRESSION"

750 PACIFIC STREET, BROOKLYN, N. Y.



ALUMINUM SUBSTITUTE

Supplies of aluminum paint have been cut off by priorities for all uses except those which are strictly military, but chemists have already found an acceptable substitute to paint the big

tanks of the petroleum industry. The tanks at the Point Breeze refinery of the Atlantic Refining Co. are sporting the new paint, which is designed to reflect light and heat waves and stand up under local climatic conditions as effectively as aluminum paint.

lies will shortly come out with covers painted by A.A.A. artists.

Right now, A.A.A. is stressing the fact that topnotch art is particularly suited to the needs of institutional advertising, and that this is likely to become increasingly common as companies bogged down with defense work are forced to turn to the sort of ad that can hold a market and create good will, when there are no goods to sell.

Besides taking orders for special jobs, A.A.A. will sell paintings right off the walls of its gallery—the largest collection in the U.S., outside of a museum, devoted entirely to American art. The West Virginia Paper Co. has obtained some of Benton's work in this manner. There are, of course, some restrictions on the handling of fine art. For example, a picture must be used in its entirety, and it can't be marred with insets and such. And artists balk at painting in trade-marked products.

the motorist can go ahead cautiously and warning through traffic to slow down.

Five-Cent Catering

California's law banning the old-fashioned, pre-prohibition free lunch has led to what probably is the smallest unit catering line in the food industry. Production of bar snacks to retail for a nickel is now a booming business in the Golden State. Price-cutters have even gone as low as 2¢ snacks, but while the industry turns around nicely on a nickel, pennies don't leave enough margin.

Four years ago, the bar snack business was in the hands of small peddlers, few of whom operated more than one route. Then, in 1937, Howard W. Neal (Party-Snax Food Products Co., 2039 Santa Fe Ave., Los Angeles) came along. Neal got the small people to distribute for him, spreading his territory as far as the Imperial Valley.

Today Neal sells 2,000,000 units annually to some 8,000 bars. Half his sales are of one specialty, "Bacon Crispies," bacon rinds sliced and processed into something resembling cracklings. Much of the credit for Neal's thriving trade goes to Pliofilm. Returns on unsold goods that had lost their freshness used to run steadily to 10%. By adding 20% to the packaging cost, Pliofilm cut returns to practically nothing, and now Neal's distributors can service routes once a week or at even longer intervals, whereas calls every two or three days used to be necessary.

NEW BUSINESS

Self-Service Safety

The latest thing in self-service is the new type of traffic signal being used in West Salem, Ore. Signals operate via a detector device set in a concrete block in the pavement. Cars set off an electrical impulse when they pass over rubber detector pads. If the way is clear, the impulse changes the signal from flashing red to flashing yellow, meaning

NEW PRODUCTS

Inner Tubes for Balance

Improved wheel balance is promised for modern high-speed automobiles by the new Goodrich Balanced Inner Tube, recently patented by B. F. Goodrich Co., Akron, O. In an area at the valve stem, there is an increase in tube thickness providing enough added weight to balance the rest of the tire and tube assembly. The tube is in production in sizes from "6.50" up.

Controlled Porosity

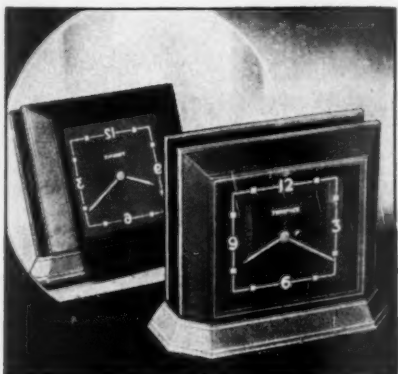
By utilizing advanced powder metallurgy, Moraine Products Div., General Motors Corp., Dayton, O., has for several years been producing Durex porous metals for "oilless" bearings and similar applications. Now it has developed similar porous metals, to be known as Porex, which can be processed into almost any shape and degree of porosity up to 50% voids. Obvious applications include oil filters, gas diffusers, separators, flame arrestors, catalyst carriers, what-have-you. Chemical composition of the material can be varied to meet specific needs.

Sanding Eliminator

Appreciating that it has always been a dusty job to sand glossy enameled or painted surfaces preparatory to refinishing, Wilson-Imperial Co., 115 Chestnut St., Newark, N. J., has formulated Imperial Wil-Bond. It is a clear liquid applied with a rag not only to deaden gloss but to set up a slight "tack" for bonding the new finish.

Two-Faced Clock

Visitors in your office will have no need of glancing furtively at their watches when your desk is equipped to tell time on both sides with a new Twin-



face Electric Clock, a product of Hobar Co., 208 Fifth Ave., New York. Models are available in chrome or gold finish, and in a variety of leathers—pigskin, Florentine, or ivory.



MECHANIZED and HYATTIZED FOR DEFENSE!

★ Tanks and trucks, airplanes and armored cars, gun mounts and gun carriages...as well as the machines that help build them...depend on Hyatts, and Hyatt Quality, to carry the load and guard against wear.

These many duties of Hyatts... in the basic raw material industries, in the machines that make defense equipment, and in the defense equipment itself...keep our men and our plant working at peak capacity to fill vital defense contracts and

regular production at the same time.

Yes, we are producing as never before, but always maintaining the traditional standards of Hyatt quality for the bearings of America's defense equipment on the front line as well as in the field and factory, mine and mill, highway and railway that back it up. Hyatt Bearings Division, General Motors Sales Corporation, Harrison, New Jersey; Chicago, Pittsburgh, Detroit and San Francisco.



HYATT ROLLER BEARINGS

Carry the Load!

LABOR & MANAGEMENT

Ford's Partner

That, in effect, is new role of C.I.O. Company goes all the way and signs a union-shop, check-off contract.

Henry Ford, American industry's most rugged individualist, pioneered again last week when, in effect, he made the C.I.O. a full partner in the largest privately-owned company in the world. He did it, as close observers indicated he would (BW—Jun.14'41,p8), by having his personnel manager, Harry Bennett, sign a union-shop, check-off contract with the United Automobile Workers Union.

The union can be considered Ford's partner in the sense that it is given absolute suzerainty over every one of the 130,000 employees below the rank of foreman who works for the company. So iron-bound is the bargain between union and company that, from now on in, Ford and U.A.W. are in business together.

• **Asked and Received**—Ford's action was of his own volition. When Bennett conferred with C.I.O. officials, he found them asking (1) wage increases ranging from 5¢ to 30¢ an hour to make Ford wages the highest in the industry, (2) abolition of the service department often charged with carrying on anti-union espionage, (3) a shop steward system with one steward for every 550 workers, (4) time-and-a-half for all work over eight hours in one day and double time for Sunday and holiday work, (5) two hours of call-in pay for employees called in to work and finding no work available, (6) a strict seniority system governing layoffs and rehiring, and (7) reinstatement without prejudice of thousands of employees allegedly fired for union membership.

Ford granted all these things, satisfying the union completely, and received in return the union's pledge of no labor trouble, a promise to drop all Labor Board and court cases against the company (in which the NLRB concurred), and the right, offered to other automobile manufacturers under union contract but never accepted before, to put a union label on Ford cars.

• **A Chat with Murray**—When it came time to incorporate these items in a signed agreement which gave U.A.W. bargaining rights for the River Rouge and Lincoln plants, where it had won recent Labor Board elections (BW—May31.41'p38), Bennett told negotiators that he would like to chat with C.I.O. President Philip Murray in

Washington. Crestfallen, U.A.W. officials felt that their mutual congratulations had been premature. Recalling a series of undisciplined slow-down strikes which had occurred in the Rouge plant while negotiations were in progress, they thought the company had reconsidered, that Bennett would argue with Murray for better terms.

• **A "Present"**—If Bennett had asked for concessions he would have got them, for U.A.W. was prepared to modify its demands to avoid a strike. Instead, his object in seeing Murray was, in the words of an executive of a competing company, "to make him a present of the whole goddamn industry."

Not that Ford is the whole automobile industry; but Ford's action is considered as giving the C.I.O. a stranglehold on automotive production and no union which has secured the check-off from a big employer has ever been undermined. Under the Ford-U.A.W. contract, the company's paymaster will be sending a check for \$130,000 each month to the union's treasurer. Without a "by your leave" it's going to be deducted from each Ford employee's pay. No one familiar with labor organizations will suggest that the money will be used for any other purpose than to campaign for identical arrangements with all the rest of the industry.

• **Off the Target Range**—Thus, as the company, in the words of Edsel Ford, "decided to go the whole way" with the union after 38 years of unmitigated opposition to unionism, its first positive benefit becomes apparent. Ford is off

the C.I.O.'s target range, and its competitors are going to be incessantly sniped at until they make the same kind of a deal.

The second economic gain for the company is that it comes off the blacklist of its most important customer, which could, if it chose, give Ford a great deal more business. That customer is, of course, the government, which under the New Deal has done everything it could under the law to buy from Ford competitors. Intermittent bitter controversies over defense contracts for the company (BW—Dec.21, '40,p22) have highlighted the New Deal's attitude. From now on, employing only dues-paying union men, the Ford Motor Company can expect preferential treatment, whenever possible, from Washington. And if the preference flags, the powerful C.I.O. lobby can be counted on to do its share of prodding, since every worker Ford employs means another \$1 a month in C.I.O. coffers. And, besides government business, there is the prospect of selling more cars to unionists in their own consumer rôle.

• **"Union Protection"**—A third benefit which Ford apparently expects is of a negative variety—a freedom from the labor troubles which beset companies, like all the other auto manufacturers, not operating under an agreement which makes union membership compulsory. In positive terms, it is "union protection," a kind of plant policing by the union for the company.

Where union membership is not a condition of employment, a labor organization must ever be active if it is to anchor the loyalty of employees and keep them convinced that it is to their interest to pay their dues. To achieve this, it constantly seeks "grievances,"



Philip Murray, president of C.I.O.; Harry Bennett, personnel director of Ford Motor Co.; and R. J. Thomas, president of the C.I.O. United Automobile Workers were all on hand in

Washington, D. C., last week for the signing of the most comprehensive agreement in automotive labor history—a union-shop, check-off contract covering some 130,000 Ford employees.



Something is about to happen!

A quick look now and a tragedy can be averted. The man's life depends on whether he spots this ripping, failing belt in time. But, one thing's sure . . . it is possible for him to avert the tragedy because he can see the cause.

You can't see imminent electrical failure!

Is something about to happen in your plant . . . an electrical distribution line about to fail and stall production? Actually you *don't know* because you can't see the possible causes, like overloading, overheating and loss of dielectric strength. And with these causes today being aggravated by the extra

burden of defense contracts, more than ever it is important to modernize electrically and avert failure.

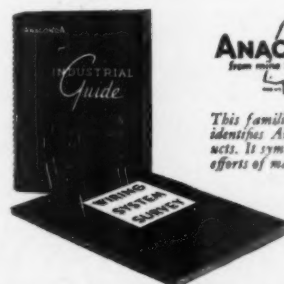
Nine out of ten plants need rewiring! According to authorities, nine out of every ten industrial plants in the country are dangerously "under-wired." Make sure your plant isn't one of them. Check on your electrical wiring now.

Simple, no-cost method for detecting wiring weaknesses

Anaconda has developed a system in these two books which simply and easily provides you with a step-by-step analysis of your plant's wiring system. They have helped plant owners in every section of the country to (1) save money, or (2) increase produc-

tion by bringing electrically powered machines up to capacity. A request on a letterhead will bring these books to your desk at no obligation.

41974



This familiar trademark identifies Anaconda products. It symbolizes the best efforts of man and science.

Anaconda Wire & Cable Company, General Offices: 25 Broadway, New York City. Chicago Office: 20 North Wacker Drive • Subsidiary of Anaconda Copper Mining Company • Sales Offices in Principal Cities.

USE MODERN IMPROVED ANACONDA WIRE AND CABLE

and where they cannot be found it often manufactures them.

• **G.M. Experience**—The experience of General Motors with the U.A.W. is a case in point. There, an impartial umpire, who has been chosen jointly by union and company and whose job it is to decide grievance cases which have survived attempts at direct settlement, has found the overwhelming majority of these grievances to be baseless and has decided against the union. But, in the process of presenting the grievances, the company has been harried and production has often suffered.

But once a union gets a union shop and check-off, the pressure for demon-

strating its value to members and possible recruits is lifted. As an example of what its tactics become under a closed shop system, take a dispute at Brewster Aeronautical Corp. two weeks ago.

• **Doing What Company Can't**—The company's Long Island plant, which has a closed-shop contract with U.A.W., had a six-hour strike in one of its departments. The union summoned up before it 10 men who were reputed to be ring-leaders in the stoppage. In a quick trial before the union's executive board, they were accused and convicted of being "Communist obstructionists."

The company was notified that the men had been expelled from the union

and, under the agreement providing the company would employ only union members, must be discharged. The union was policing that plant as the employer never could, for the Wagner Act holds that an employer cannot discharge an employee for union activity and the NLRB has consistently held that a strike is legitimate union activity.

• **Vested Interest**—It is such a vested interest in peace that Ford has given the U.A.W. in a union-shop-check-off contract and the hope for a similar working arrangement was implicit in Edsel Ford's statement, "No half-measures will be effective."

However, for Ford it must be at present only a hope because of the character of the United Automobile Workers Union. Vast, sprawling, and now with the absorption of Ford employees probably the largest and potentially wealthiest union in the country, U.A.W. has been discredited more than once by its policy of "home rule." Home rule worked to give each local enough autonomy so that it could defy the parent organization and embarrass it.

• **Unsanctioned Strikes**—It was this home rule, or lack of parent union control over local affairs, which made possible the Allis-Chalmers (BW—Feb. 1 '41, p41) and North American Aviation strikes (BW—Jun. 14 '41, p14), which were called without U.A.W. sanction.

Factional disputes within the organization over left- and right-wing political and trade union issues have been so bitter and have so evenly divided the union's executive board that the union's three top officials—R. J. Thomas, president; Walter Reuther, in charge of the General Motors Department; and Richard Frankensteen, in charge of the Chrysler Department and now heading the drive in aviation—all of whom are right-wingers—have found it impossible to crack down on troublesome local leaders.

• **Centralization Needed**—The only way Ford is going to get union protection in his plants, without which his union shop contract can mean complete chaos, is to have U.A.W. transformed into a strongly centralized organization exerting iron discipline over its constituent locals and over its rank and file. For the Ford-U.A.W. partnership to be profitable, U.A.W. must first put its house in order.

Thomas, Frankensteen, and Reuther as well as many other U.A.W. delegates will be going to the union's Buffalo convention in August to do just that. There is another group led by U.A.W. Secretary George Addes and executive board members Leo La Motte and Lew Michener who will oppose centralization and who will, it is understood, fight to remove Thomas, Frankensteen, and Reuther from office. As the factions line up now, it looks like a close contest. Henry Ford is gambling on the result.

CONTROL STATIC
with
dag
REG. U.S. PAT. OFF.
COLLOIDAL
GRAPHITE

Belts and other non-conductors traveling at high speed accumulate static electricity. This static can be controlled and "bled off" by "dag" colloidal graphite conductive films. ♦ ♦ A letterhead request will bring complete information and a copy of Technical Bulletin Number 270 entitled "Utility of Graphite Surfaces."

ACHESON COLLOIDS CORPORATION
PORT HURON MICHIGAN

FLAMES ARE THE CUTTING TOOLS



EACH hour is worth ten in production time when steel plate for our machines, guns, tanks and ships are multiple flame cut by the Airco Oxy-acetylene Flame. Slicing its way through steel and iron, this white hot flame has revolutionized metal fabrication by providing a swift, accurate, economical method of shaping sheets, forgings, castings, structures and pipe. Size and shape which can be cut is practically limitless. A single piece or hundreds of identical pieces can be shaped to amazingly close tolerances. Changes in design require only new blueprints or templates to guide the torch.

Other defense jobs being done by this versatile metal working tool include hardening steel to any degree and depth; welding two or more metal parts into a strong, homogeneous unit; machining metals with unrivaled speed, and cleaning and dehydrating metal surfaces for long lasting paint jobs. To insure greatest speed, efficiency and economy in applying the Airco Oxy-acetylene Flame to defense production, Air Reduction offers industry the cooperation of a complete engineering staff.

Air Reduction is ready and anxious to help speed up defense production in every way possible.

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ANYTHING AND EVERYTHING FOR GAS WELDING OR CUTTING AND ARC WELDING

NDMB Job: to Keep Talk Going

No bargainer itself, Mediation Board promotes no pet plans, but persistently limits itself to single purpose of bringing disputants together. Administrative weakness is a source of strength.

Two things were done by the National Defense Mediation Board last week which seem to set a seal of certainty on what may be expected from that key agency. First, the board made public recommendations for the settlement of the Bethlehem Shipbuilding Corp. case, and then it got itself a new chairman.

There were many who would have liked to find a connection between those two events for, upon investigation, it was disclosed that recommendations that Bethlehem become party to a Pacific Coast master labor agreement (BW-Apr.12'41,p67) meant that Bethlehem give the A.F.L. a closed shop in its San Francisco yards. But Clarence A. Dykstra's resignation as chairman was accepted and William H. Davis named as successor, not as a rebuke to the board for its Bethlehem decision, but rather to set it more firmly on the course which was charted for it when it was created last March.

• **No "Dear Clarence"**—Dykstra left without a "Dear Clarence" letter from the President, which is about as close as Roosevelt ever comes to admitting he has made an unfortunate appointment. Dykstra goes because official Washington is convinced that emergency-period mediation needs a strong man to head it up and Dykstra wasn't strong enough. Davis, a labor relations sophisticate whose tough-minded realism has made him top man in his field, is considered, on his record, to be the strong man the job requires. Industry can expect NDMB now to operate according to the philosophy of William Davis.

• **On the Firing Line**—As vice-chairman under Dykstra, who could give only spare time to NDMB business, Davis was the real executive and administrative head of the board. He set up its procedures, defined its objectives, and led its various panels through the trail-blazing period when they had no signposts of experience to guide them. He has been, and is not yet done, fitting NDMB into a niche in the complex government facade erected to minimize disputes by non-compulsory methods.

If that job can be done well, the Army can give all of its attention to soldiering. If he fails, labor disputes are slated to become War Department business, and what happened in the North American strike (BW-Jun.14'41,p14) will be the order of the day.

• **Certification**—NDMB procedure calls for immediate action as soon as a dispute is certified to it. The process of certifica-

tion, which in the Executive Order creating the board is the responsibility of the Secretary of Labor, has been so sharply criticised for its flabbiness under union pressure that it has been changed.

Now the Secretary of Labor has delegated certification authority to a committee of three. These three are John Steelman, Commissioner of Labor in charge of the Conciliation Service; Maxwell Brandwen, legal adviser to the Labor Division of OPM; and the chairman of NDMB. Whether they will be less sensitive to "political" considerations remains to be seen.

• **Board's Province**—It is fairly simple now to rough out the outlines of a dispute destined for NDMB handling. First of all, it must threaten important defense production (this has been true of each NDMB case save the Arcadia Knitting Mills dispute which, board officials say, came along on a fluke). Second, a strike must either be in progress or government conciliators and the certification committee must be convinced that only the board's prestige will be sufficient to effect a postponement. Third, the board's docket must

be free enough so that it can plan to assign a panel to the case in reasonably short order—and because the board has been understaffed and overworked it couldn't find time or members to handle more than the 43 cases which have come before it.

• **List of Disputes**—The War, Navy and Labor departments, as well as OPM keep a checklist of current disputes. When one breaks which affects Army procurement, it appears on the War Department's list. Last week's list, for example, noted Apollo Steel Corp in Apollo, Pa.:

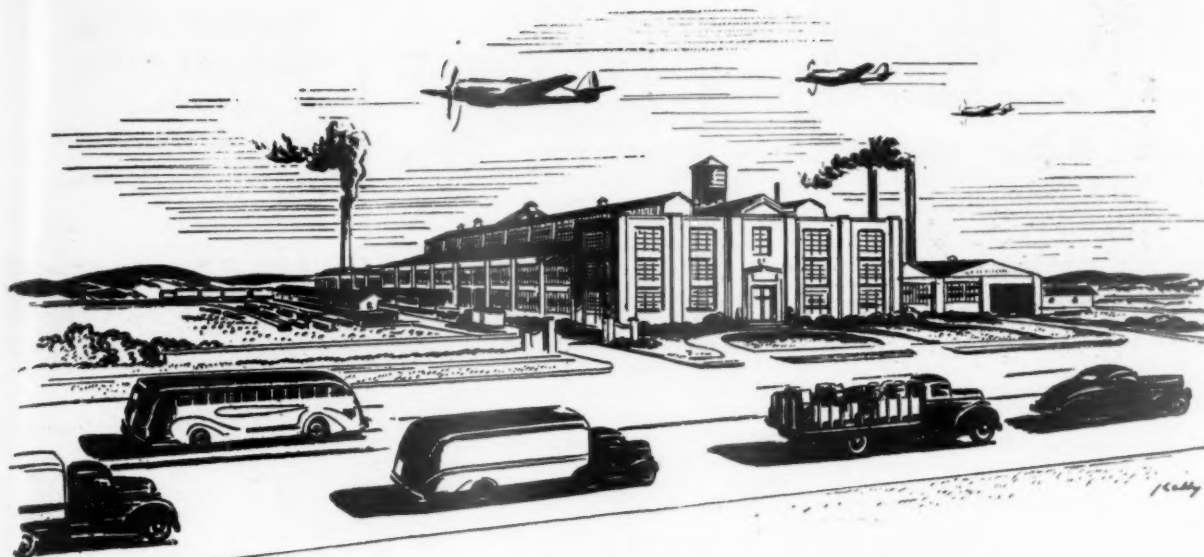
Strike: 5-19-41 of 950 S.W.O.C. (C.I.O.). Issues: Closed shop and wage increases. Status: Commissioner Ward and OPM industry consultant conducted joint conferences 6-17-41. Interest: Sheet steel for Quartermaster Corps; hot-rolled steel for Motor Generator for ordnance contracts. Motor Generator will have to cut production 50% on 7-15-41 if steel is not shipped from Apollo by 6-30-41.

• **Eyes on the Deadline**—As the Army noted, a Labor Department conciliator and a representative of Edwin D. Bransome's industry group (BW-Jan.18'41, p16) in OPM were working for a settlement in the strike. They also reported regularly on what progress was being made to W. E. Chalmers and Phillips Garman who run a liaison office in OPM between field men and government agencies. Chalmers and Garman kept an eye glued on that 6-30-41 deadline.

If that date neared without steel be-



William H. Davis, strong man of the National Defense Mediation Board, was named last week to succeed Clarence A. Dykstra as chairman of the board.



THIS IS NO TIME TO WASTE POWER

TODAY'S industrial production schedules call for tremendous expansion—expansion that has created a host of new transportation problems. In the solution of these problems the extra power that is available in today's improved gasolines can be of help. Business executives charged with the responsibility of moving men and materials quickly and efficiently should consider these facts:

1. Petroleum refiners have made extra power available by increasing the anti-knock quality (octane number) of regular gasoline as shown on the chart at right.

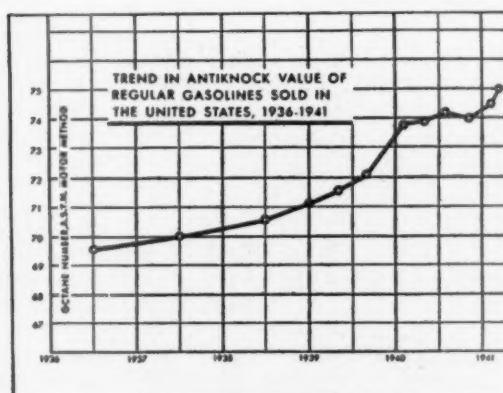
2. Whether or not this extra power can be put to full use depends largely upon the ability of the user's equipment to take advantage of it.

3. Many fleet operators have been able to reduce their cost per ton-mile or passenger-mile by making better use of today's better gasolines in modern high compression engines or in older engines that have been modernized to take advantage of improvements in fuel. In addition to gains in mileage, operators often realize considerable gains in operating speed, schedule time or payload.

Ethyl engineers would like to help you get the most from every gallon of gasoline you buy. Just

as they cooperate with the research men of the automotive and petroleum industries to help produce better fuels and engines, they are working with commercial fleet operators in order that technical improvements may benefit practical operation.

For detailed information about this service, write to Fleet Division, Ethyl Gasoline Corporation, Chrysler Building, New York City.



Better and more economical transportation through
ETHYL RESEARCH and SERVICE

EMPLOYEE RELATIONS

... as a basis for good public relations

By Col. Willard Chevalier
Publisher, Business Week

A lot of words have been spilled about public relations . . . millions of them. But when we boil them down to fit our own case, it just about comes to this:

How do folks feel about us? Whenever our name comes up in the newspapers, or on the radio, or in passing the time of day, are they for us or against us? If we happen to get on a spot, are they quick to believe the worst of us, right off, or do they give us a break until they hear our side?

What can we do to make sure we'll always get those breaks?

Naturally, we can't talk directly to 130,000,000 Americans. Naturally, too, anyone who doesn't know us at first-hand gets a lot of his notions about us from those who do.

He gets them from people who do business with us, who live in the same town with us. Most of all, he gets his impressions, directly or indirectly, from the people who work for us . . . the people "on the inside". That's why sound employee relations are essential to good public relations.

If our own people won't pull for us, their attitude is bound to reflect in our relations with those who buy from us and sell to us, and with our neighbors in the home town. But with these three . . . employees, customers, and neighbors . . . favorably inclined, our work in the broader field of public relations is largely assured of success.

In short, public relations, like charity, begin at home.

* * *

This article, written by Col. Willard Chevalier as an independent observer, is published as a matter of interest to both employer and employee.

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ing shipped from Apollo, the Army was going to be pinched. Before that happened, however—on June 20—the strike was settled. If there had been a few more days of deadlock, NDMB would have got the case. As it was, NDMB was free to consider other disputes.

• **No Theories to Defend**—Thus, the most practical considerations now govern the choice of cases certified. And, as differentiated from the National Labor Relations Board and from appellate court procedure, NDMB is not taking cases for the sake of establishing governing precedents. To be sure, a conciliator may find his peace-making in the field easier if he can point to an NDMB settlement as a precedent, but NDMB is not interested in any un-met problems; it will, in fact, shy away from anything at all, precedent or unprecedented, if it can be settled without NDMB intervention.

Once a case is certified to the board, it can be ticketed as red hot. Either a strike is in progress and hope for a settlement is slim, or negotiations have deadlocked and a strike is imminent. The board's first step is to get the principals on the long distance telephone and urge them to hold their fire. If a strike is on, the board asks the union to return to work, promising quick action on the case and often securing the employer's promise to make the terms of eventual settlement retroactive.

• **Bohn Aluminum Case**—Before the Bohn Aluminum and Brass Co. case, the board wired its requests to the unions involved. In that case, a delay in delivering a telegram was the interim in which the union struck. If the board had called at the outset, it believes it could have forestalled such action.

After NDMB makes its first recommendation, it clears its decks for a hearing, dated for the first open day it has on which it can assemble a panel of members (Saturday and Sunday may be regular working days). A panel consists of three or five NDMB members or their alternates, who will conduct official hearings. In every case, a panel will be made up of at least one labor representative (and it is always a C.I.O. man when the union involved is C.I.O., and an A.F.L. man when an A.F.L. union is in the case), one employer representative, and one public member who presides. In cases where both A.F.L. and C.I.O. unions are involved, a representative of each will sit on the NDMB panel and there will be two employer members. Such cases, and big disputes like the General Motors case (BW-May24'41,p40), are the only ones in which NDMB allows itself to expend the time of more than three of its members.

• **Hearings in Washington**—All hearings are held in Washington (again, because NDMB has been forced to conserve the time of its members). Into a hearing

PERSONNEL OF THE MEDIATION BOARD

Public Representatives:

William H. Davis, attorney, Chairman.
Clarence A. Dykstra, University of Wisconsin
Frank P. Graham, University of North Carolina
Walter P. Stacy, North Carolina Supreme Court
George W. Stocking, Department of Justice
Charles E. Wyzanski, attorney

Employer Representatives:

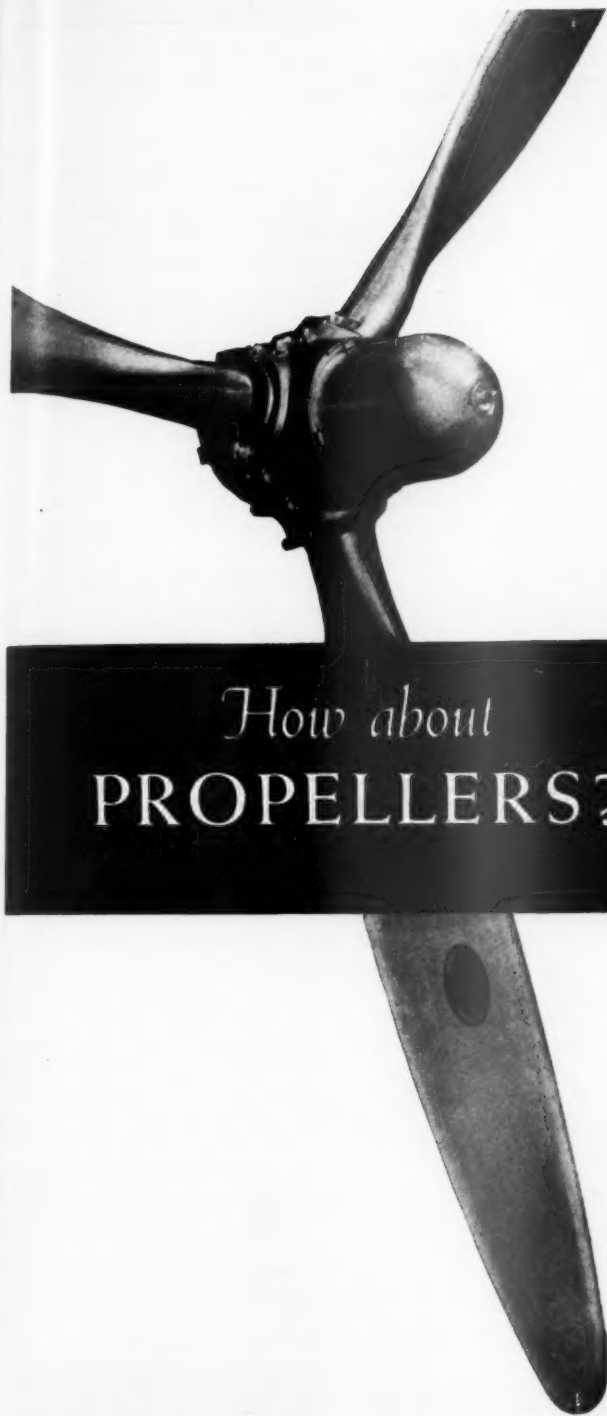
Charles E. Adams, Air Reduction Corp.
Cyrus Ching, U. S. Rubber
John E. Connelly
Rolland J. Hamilton, American Radiator
Roger D. Lapham, American-Hawaiian Steamship
George H. Mead, the Mead Corp.
Eugene Meyer, Washington Post
Gerard Swope
Walter C. Teagle, Standard Oil (N. J.)

Employee Representatives:

John Brophy, C.I.O.
Edward J. Brown, A.F.L.
James B. Carey, C.I.O.
Clinton S. Golden, C.I.O.
George Harrison, A.F.L.
Thomas Kennedy, C.I.O.
George Lynch, A.F.L.
Hugh Lyons, C.I.O.
George Meany, A.F.L.
Philip Murray, C.I.O.
Emil Rieve, C.I.O.
Robert Watt, A.F.L.
James Wilson, International Labor Office
Herbert Woods, A.F.L.

will go board members equipped with nothing more than cigars, pipes, and a store of patience. There are no documents, records, or legal papers. To the principals who are assembled around a table, the panel chairman will introduce the board members, then ask if there are any objections to them.

Up to this point in its career, NDMB has never been served with a formal protest against the personnel of any panel. In one case, a company did considerable off-the-record beefing on finding James Carey a member of its panel. It happened that Carey's union, C.I.O.'s United Electrical, Radio, and Machine Workers was in the process of conducting negotiations with the company in some of its plants not involved in the case then before the board. Also, a C.I.O. union did some similar off-the-record growling about Walter C. Teagle's sitting on a panel when the union alleged that he was a stockholder in the company in the case. But, such con-



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PRATT & WHITNEY
ENGINES



VOUGHT-SIKORSKY
AIRPLANES



HAMILTON STANDARD
PROPELLERS

As the manufacturer charged with the responsibility for producing the larger portion of the aircraft propellers required by the Defense Program, the Hamilton Standard Propellers division of United Aircraft Corporation answers here some timely questions:

★ In **DESIGN** of propellers: how does the United States compare with other nations?

America is far in the lead. The start of the race for supremacy in the air found the United States with two outstanding makes of propellers, each fully developed and each well ahead of any type developed elsewhere in the world.

Hamilton Standard designed the first practical controllable-pitch propeller which, in turn, made possible the modern high performance airplane.

★ Have your propellers stood the test of combat?

Day and night — for almost two years — British-built Hamilton Standard propellers have met the grueling test of combat service with the Royal Air Force on thirty different types of British airplanes, including the famous Hurricanes and Spitfires. In addition, American-built Hamilton Standard propellers are serving the British as standard equipment on the majority of American airplanes with the R. A. F.

★ In **PRODUCTION**: are you keeping pace with airplane requirements?

Yes, we have been delivering Hamilton Standard propellers consistently ahead of schedule, including all our orders for the United States Army and Navy and for Britain. In addition, we are continuing to supply the airlines, all of which specify our propellers as standard equipment.

★ What is your current production?

We are now making more than 2,000 propellers a month—over 75% of America's current production of propellers for combat and advanced training airplanes.

★ How has this been achieved?

We have of course increased our plant area. But more important is the fullest utilization of specialized machinery and a further increase in our practice of extensive sub-contracting. As a result we are now producing twice as many propellers per square foot of plant area as a year ago.

★ How about propellers for the new big bomber program?

We expect to meet this task as well. Production is being further increased both at East Hartford and at our new Pawcatuck plant. In addition we have now licensed Nash-Kelvinator to build complete propellers, using our proven designs and production methods.

★ What of the future?

In the laboratories of Hamilton Standard is a new propeller which promises to improve radically the performance of aircraft, increasing still further America's lead in the air.

THE MEDIATION BOARD BOX SCORE

(As of June 23)

Case	Union	Issues	Defense Significance	No. Men Involved	Date of Strike	Date Certified	Date Back-to-Work*
Universal Cyclopedia.....	CIO	Wages, other issues.....	Steel.....	1,400	Jan. 31	Mar. 27	Mar. 28
Vanadium Corp. of America.....	CIO	Union status.....	Steel alloy.....	225	Feb. 10	Mar. 27	Mar. 30
Condenser Corp.....	AFL	Renewal of union recognition..	Radio, telegraph equipment	2,200	Mar. 10	Mar. 27	Apr. 2
International Harvester.....	CIO	Union recognition.....	Trucks, tractors.....	250 1,500 6,000 5,500	Jan. 21 Feb. 17 Jan. 30 Feb. 28	Mar. 27 Mar. 27 Mar. 27 Mar. 27	Apr. 2* Apr. 2* Apr. 2* Apr. 2*
Snoqualmie Falls Lumber Co.....	AFL	Wages, hours, union membership	Lumber.....	1,060	Oct. 28	Apr. 1	Apr. 14
Allis-Chalmers.....	CIO	Union membership, wages, contract renewal	\$45,000,000 Army, Navy contracts	7,800	Jan. 22	Apr. 3	Apr. 6
Seas Shipping Co.....	CIO	Bonus increase.....	Ships.....	25	Mar. 22	Apr. 5	Apr. 11
Standard Tool Co.....	CIO	Wages, contract renewal, closed shop, seniority	Machine tools.....	650	Jan. 27	Apr. 5	Apr. 12
Cowles Tool Co.....	CIO	Wages, hours, union status....	Machine tools.....	80	Feb. 27	Apr. 5	Apr. 22
Phelps-Dodge.....	CIO	Wages, hours, new agreement, union shop, grievance machinery	Copper, brass, nickel wiring and tubing	1,800	Apr. 8	May 1	May 9
J. Sklar Mfg. Co.....	CIO	Wages, contract renewal, working conditions	Surgical instruments.....	495	Apr. 4	Apr. 9	May 7
Minneapolis Moline Power Implement Co.	CIO	Wages, contract renewal, closed shop	Structural iron, steel and shell cases	2,100	Postponed	Apr. 15	Apr. 19
California Metal Trades Assn....	AFL	Wages, overtime pay.....	\$23,000,000 defense contracts	4,000	Apr. 4	Apr. 17	Apr. 21
Birdsboro Steel Foundry & Machine Co.	CIO vs. Independent	Bargaining agency.....	Hydraulic presses.....	1,209	Apr. 4	Apr. 17	Apr. 21
Arcadia Knitting Mills.....	CIO	Closed shop, wages, vacations, seniority, arbitration, working conditions	Army mosquito netting....	210	April 3	Apr. 17	May 6
Kellogg Switchboard & Supply...	AFL	Failure to negotiate agreement.	Microphones, telephone equipment	1,000	Postponed	Apr. 21	May 1
John A. Roebling Sons Co.....	CIO	Recognition, grievance machinery, working conditions	Aircraft control cables....	6,500	Apr. 15	Apr. 22	Apr. 29*
American Car & Foundry.....	CIO vs. AFL	Bargaining agency.....	Shell parts.....	1,500	Apr. 15	Apr. 22	Apr. 26
American Potash & Chemical....	CIO	Wages, union shop, better housing	Potash.....	1,300	Mar. 15	Apr. 23	—*
Bituminous Coal.....	CIO	Wages, contract renewal.....	Coal.....	400,000	Apr. 2	Apr. 24	Apr. 28*
General Motors.....	CIO	Wages, union shop.....	Ordnance.....	160,000	Postponed	Apr. 25	May 15
Minneapolis-Honeywell Regulator Co.	CIO	Union recognition.....	Artillery equipment.....	2,000	Postponed	Apr. 28	May 6*
Utica Mohawk Co.....	CIO	Wages, union status.....	Army sheets.....	2,000	Mar. 24	Apr. 30	May 19
Curtis Mfg. Co.....	CIO	Wages, vacations with pay, union status	Air compressors, car washers, hoists	300	Apr. 7	May 3	—*
Busch-Sulzer Bros. Diesel Engine Co.	AFL	Jurisdictional dispute.....	Diesel engines.....	500	Outside Board's jurisdiction		
Allis-Chalmers.....	CIO	Wages, contract renewal.....	Generators, turbines.....	1,252	Postponed	May 3	May 9
Continental Rubber Co.....	CIO	Wages, vacations with pay, closed shop	Synthetic rubber.....	840	Apr. 2	May 5	May 14
Bendix Aviation Corp.....	CIO	Wages.....	Plane parts.....	8,100	Postponed	May 7	May 16
Ex-Cell-O Corp.....	CIO	Wages.....	Machine tools, aircraft parts	3,500	May 5	May 8	May 16
United Engineering & Foundry Co.	CIO	Wages, union shop, holiday pay, contract renewal	Machine castings, machine tools	900	May 6	May 9	May 19
Twin District Council.....	CIO	Wages, union shop, vacations..	Lumber.....	10,000	May 9	May 9	—*
Allis-Chalmers.....	CIO	Contract renewal, union shop, strike and lockout clause, arbitration	Gun mounts.....	1,150	May 7	May 9	May 16
Smoot Sand & Gravel.....	AFL	Wages, hours, union security..	Concrete.....	300	May 12	May 10	May 19
Columbia Basin Area Loggers....	CIO	Wages, hours, vacations with pay, sick leave, union shop	Lumber.....	9,000	Postponed	May 12	June 5
E. W. Bliss Co.....	CIO	Contract change, wages.....	Sheet metal.....	1,500	Threatened	May 22	—*
North American Aviation.....	CIO	Wages, hours, union shop.....	Aircraft.....	11,300	June 5	May 22	June 9
Bethlehem Shipbuilding Corp. (San Francisco machinists)	AFL & CIO	Higher wages than provided in Pacific Coast contract	Ships.....	5,000	May 10	June 2	—*
Aluminum Co. of America.....	CIO	Wages, grievance machinery, overtime pay, seniority	Aluminum.....	4,500	Postponed	June 4	June 10
Marlin-Rockwell Corp.....	CIO	Wages, union shop, seniority, grievance machinery	Ball bearings.....	1,225	May 27	June 7	—*
Bohn Aluminum & Brass.....	CIO	Wages.....	Aluminum and brass.....	4,600	June 9	June 9	June 12
Curtiss-Wright Corp.....	CIO	Wages, job reclassification, union status	Airplanes, parts.....	960	Postponed	June 12	June 20
Duquesne Light Co.....	CIO vs. Independent	Bargaining agency.....	Electric power.....	312	Postponed	June 18	—*
Scaled Power Corp.....	AFL	Union shop, wages.....	Auto parts.....	1,160	Postponed	June 21	—*

*All cases except those marked with an asterisk have been closed by complete agreement, usually on date of work resumption, occasionally a few days later or earlier. Cases marked with an asterisk are those still unsettled. In some of them the board is still continuing its investigation, even though strikers may be back at work; in others parties to the dispute are attempting to work out a complete settlement by direct negotiation.



You see meat... but your butcher sees profit or loss!

AND whether it's profit or loss greatly depends on the refrigeration in the meat dealer's shop.

It's a loss if improper temperature has permitted spoilage. A loss if too much moisture in the air has formed a film ("sliming," the butcher calls it) over the surface of the meat. A loss if lack of humidity has caused dehydration or discoloring "freezer-burn."

There'll be fewer of such losses, though, now that butchers are installing the newly developed Penn AVRGAIRE Control in their coolers. It's a simple device, but it does three remarkable things—

First, even under difficult conditions, it holds temperature inside a cooler to within two degrees of the ideal. *Second*, it provides for *selective* defrosting of cooling coils. That is, when the refrigerating capacity of the cooler is already strained (as by a large quantity of warm meat) it

delays the added burden of coil defrosting until the refrigeration load has normalized. Defrosting then becomes automatic once more. *Third*, the Penn AVRGAIRE Control maintains absolutely correct humidity.

It's "done without mirrors." For the first time, it's done with a new single-temperature bulb. But the real trick lies in a totally unique concept of bulb application. It's as though the control anticipated the temperature trend and acted accordingly—which is, in effect, exactly what it does.

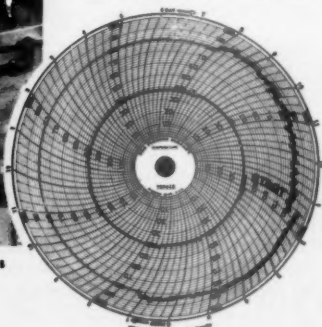
Butchers are enthusiastic, because they like to see profit, not loss, when they total the day's receipts. And manufacturers of refrigeration equipment are enthusiastic, too: they see greater satisfaction for their customers and greater profits for their industry in this latest achievement of Penn engineers. Penn Electric Switch Co., Gosben, Indiana.

The final proving ground for new Penn products is on working installations.



Product application is as important as product design to Penn engineers.

Performance records, as shown below, precede new product announcements.



PENN AUTOMATIC CONTROLS

Have You a Control Problem?

Penn engineers, with the most modern resources for research and development work, are ready to devote their creative abilities to the solution of your problems in automatic controls. Why not discuss those problems, without obligation? Write Penn today for details.

siderations have never been officially expressed, nor has the board paid any attention to them.

• **Panel's Function**—The reason why such considerations are given no weight is because the board refuses to think of itself as a judgment-issuing body. The function of a panel sitting in a case is to help company and union reach an agreement. Only as a last resort, when agreement is patently impossible, will the board intrude itself as a party to the proceedings, making recommendations for a settlement of the issues.

Employers and unions alike that go to Washington hoping to bargain with NDMB are just chasing a will-o'-the-wisp. NDMB doesn't bargain, and as long as Davis runs the show it won't accept certification from anybody as a bargaining agency. Its job is to get the principals in a case to bargain with each other.

• **It's Called Mediation**—Thus, an NDMB panel will sit back while company and union representatives talk to one another. A wisecrack here to ease the tension, a prod there to keep the discussion focused on the matter at hand are almost the total bag of tricks in the legerdemain called mediation.

In more than one case, NDMB members have tiptoed out of the hearing room or quietly excused themselves when it became apparent that disputants had no need of wisecracks or prodings. In a recent case affecting C.I.O.'s Steel Workers Organizing Committee, board members left at the end of a half-hour, convinced that the parties were making progress enough to carry on by themselves. One board member's comment on such (not unusual) developments was, "It's this damn Washington heat, they all want to get back to Pittsburgh."

• **26 Out of 31 Cases**—Whether it's the capital's climate, or something more subtle, the fact remains that until last week, in the 31 cases closed by the board, only five required recommendations. The other 26 were disposed of through agreements arrived at in board offices between company and union directly (see table, page 48).

In four of the five cases which were too stubborn to close by agreement, the board found it necessary to do some on-the-spot investigating before making recommendations. An example of this kind of problem is the John A. Roebling Sons' Co.-Steel Workers Organizing Committee case.

• **Strike in Two Plants**—Roebling, the largest manufacturer of cables in the country, employing some 6,500 men on Army and Navy orders, was crippled by a strike in two plants on Apr. 15. The case was certified to the Board on Apr. 22 and hearings were held on Apr. 25, 26, 28, and 29.

On Apr. 29, company and union representatives and members of NDMB's



Employees in six International Harvester plants went to the polls (above) in an NLRB election last week (BW—Jun. 21 '41, p. 56). Result: the C.I.O. Farm Equipment Workers will represent the bulk of the employees in the West Pullman and East Moline plants; A.F.L. won at the Milwaukee works and the Farmall Plant; and run-off elections are likely at the McCormick and Rock Falls works.

panel signed a nine-point agreement under which the men would return to work. The union ratified the agreement and the strike ended May 1. But the case was not closed, for one of the points in the agreement provided that NDMB would appoint an expert adviser to study a proposed operation planned for one of the plant departments and to make recommendations on the basis of this study to the board. On the following day, the board appointed George Trundle, president of the George Trundle Engineering Co. of Cleveland, to make the study.

• **Special Representatives**—Because the board has no field staff of its own, and apparently doesn't intend to create one, it calls in outside experts to act as its special representatives.

Where the board falls short of holding out the hope of solid labor peace for defense industry, the failure is attributable mainly to the limitation of time which each board member can give to mediation work. A third panel of alternates has recently been inducted into board services, but even so NDMB's docket is curtailed by short-handedness. Although a possible solution of that problem might seem to lie in making board membership a full-time job, Davis will not sanction it. He argues that, for example, Philip Murray, C.I.O. presi-

dent, is pre-eminently valuable to the board as a mediator only as long as he remains C.I.O. president. His persuasion is effective mainly because he's "one of the boys."

• **Administrative Weakness**—Thus the board's persuasive strength is its administrative weakness. Each of its members and alternates is an eminent man in his field, and must of necessity be if he is going to be a respected mediator. Because of their business interests, it may be impossible to assemble a representative group of three for days at a time. To minimize this problem, the board's secretary, who may be frantically trying to assemble a panel, will often ask Board Member Harrison, whose business will keep him in Cincinnati, to suggest somebody who will "sit for the A.F.L." Harrison, knowing that all other A.F.L. board members and their alternates are either busy or already serving on panels, will perhaps suggest some A.F.L. man who has never formally been named as an NDMB member or alternate.

The board secretary, feeling sure that Harrison isn't going to nominate any impossible hothead, gladly accepts his suggestion. Thus it happens that a name will appear on an NDMB panel which has never appeared on the Mediation Board's list of members or alternates.

• **Peace by Bargaining**—In a very real sense, such informality typifies NDMB. Its objective is to get labor peace through collective bargaining and to keep disputants bargaining away until some peace formula is found. When it is forced by circumstance and uncompromising attitudes into issuing recommendations of its own, it can be counted on to recommend that an employer give a union every single thing that it thinks the union could win by striking.

It will recommend that the employer accept standards and terms which his competitors have had to give to unions. It will seek to give neither union nor employer an opportunity to whittle concessions out of mediation which they could not get through face-to-face, two-party collective bargaining.

• **Recommendations**—When it does have to make recommendations, it makes them publicly and implies by so doing that mediation has failed. Once the recommendations are made, the National Defense Mediation Board has given up. If the parties to the dispute accept them, well and good; if not, the case goes to the arbitration of public opinion, and before it is ultimately settled there may be Army bayonets emphasizing NDMB's terms. That, however, is not for NDMB to say. The Commander-in-Chief of the Army makes that decision.

In the meantime, NDMB's routine is an expression of the Davis philosophy. And it gets its effects, as one of Davis's admirers said of him, "by blood, sweat, tears—and laughs."

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FASTER—FOR LESS

The last 20 years have seen steam locomotive design make rapid strides; reducing fuel consumption 33.1 per cent, increasing speeds, shortening schedules. Since the turn of the century the horsepower output per ton of locomotive weight has been practically doubled, while the consumption of fuel and water per horsepower-hour

has been reduced approximately 50 per cent.

Working in conjunction with America's railroads for more than a century Baldwin has played an important part in the development and production of modern locomotives—locomotives that have outstanding earning capacity—that are truly profitable investments.

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SKILSAW ELECTRIC TOOLS
MAKE AMERICA'S HANDS
MORE PRODUCTIVE!



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saws 10 times faster on ALL materials!

Today's great need is *greater speed*... so industry turns to SKILSAW for faster sawing on every job. In your own plant, SKILSAW speed will cut costs, raise output and save important time... in production, construction and maintenance. It saws wood up to 4½ in. ... stainless steel up to 16 gauge. Makes quick, clean cuts in 1-inch copper... 4-inch lead... and toughest compositions. And SKILSAW saves material handling everywhere... because it goes right to each job, *anywhere!*

Industry chooses SKILSAW to speed these tougher jobs because it is more powerful... yet lighter, and does more kinds of work, at lower cost. Easy to use... simple to adjust for depth of cut and bevel-cutting. Works from light socket. Ask your distributor to demonstrate SKILSAW in your own plant... today!



SKILSAW 9 Models DRILLS 22 Models DISC SANDERS 5 Models BELT SANDERS 4 Models
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PORTABLE
ELECTRIC

TOOLS

Built by SKILSAW, INC., CHICAGO
Sold by leading distributors of
hardware and industrial supplies.

Fewer Strikes

That's the outlook, now that wage boosts have reduced the trouble area. However, old disputes still hang fire.

The threat of defense strikes is now considerably reduced. According to the Office of Production Management, the upward wage movement in the last three months has lifted pay rates for 75% of all employees working under union agreements to a new high level which is considered stable for at least a year. The area of possible labor trouble resulting from wage demands has thus been reduced to 25%.

True, other causes of strife—union recognition, jurisdictional rows, etc.—have not been so limited. True also, that 25% which has not yet received wage boosts can make plenty of trouble. But the evident willingness of employers to consider labor's share in the defense boom, coupled with the effective operation of the Defense Board (page 44), encourages more optimism in Washington over the labor outlook than has prevailed for a good many weeks.

Despite high hopes for the future, four disputes continued to cause concern at midweek:

• **West Coast Shipyard Machinists**—Show of federal force—this time by the Navy instead of the Army—promised to put an end to the seven-week strike of A.F.L. and C.I.O. machinists in San Francisco which has tied up \$500,000,000 of ship construction in 11 yards.

When the Navy ordered picket lines abandoned and on Tuesday opened civil service rolls to machinists who desired to return to work, it met with gratifying response on both counts; 100 men applied at once for civil service status and accepted the \$1.12 an hour and time-and-a-half for overtime, specified in the master shipyard agreement, instead of the \$1.15 and double time for which they had held out. Strike leaders themselves were ready to admit that a good deal of the fight was taken out of the strike when Bethlehem Shipbuilding Co. announced that it would sign the master agreement, including the closed-shop feature, in line with Mediation Board recommendations.

• **Pittsburgh Trucking**—An elaborate and harrowingly complicated system of "convoys" and "permits" (BW—Jun. 21 '41, p58) was allowing some movement of defense materials through A.F.L. truck-driver picket lines and skeins of red tape. However, four weeks of the tieup, to force wage boosts from 85¢ to 95¢ an hour, had left the city in a parous state, with distribution of foodstuffs and essential consumer goods thoroughly disorganized. When the convoy system

for moving defense goods on Army or Navy certification proved impractical, the dispute was certified to the National Defense Mediation Board as its forty-fourth case (page 48); 148 trucking firms and a distraught city hoped mediation could work where conciliation had failed.

• **Bituminous Coal**—John L. Lewis's union and the Southern coal operators, who have been at odds now since March 1, were back in NDMB offices last week, asking the board to interpret the recommendations which both parties accepted three weeks ago (BW—Jun. 14 '41, p48) and which were hailed as writing finis to the coal controversy. Lewis' new threats to resume the strike had defense officials frankly worried. The exact points at issue were not disclosed, but the best guess seemed to be that Southern operators had refused to accept a contract clause giving the union permission to strike a mine any time it was found—by the union—to be chiseling on its competitors.

• **Northwest Lumber**—Scarcely had striking unionists begun to return to their work in fir forests and sawmills, on the basis of the Mediation Board's proposal that they accept a 1½¢-an-hour wage boost, than employers threw a monkey wrench into the machinery by refusing to accept the board's proposal that whatever contract is ultimately initiated should embrace the entire Puget Sound area. Operators argued that such an agreement might upset existing contractual relations between individual firms and their workers.

• **Two Less**—One old labor trouble and one more recent one were wiped off the slate when Goodyear and C.I.O. Rubber Workers ended five years of controversy (BW—Nov. 27 '37, p53) by concluding their first contract and when Curtiss-Wright's Propeller Division struck a deal with the C.I.O. steel workers union in Pittsburgh on the familiar basis of a dime-an-hour increase.

R.C.A. STEPS AHEAD

Signing of a new contract last week between Radio Corp. of America and C.I.O.'s United Electrical, Radio, and Machine Workers in Camden, N. J., represented a forehanded agreement, instead of a long-delayed one as previously reported (BW—Jun. 21 '41, p55). Actually, RCA has been negotiating annual contracts with the union since 1936 and the last one would ordinarily have run to next October. What happened last week was that the union approached the company with the suggestion that next year's contract be negotiated immediately so that "decks could be cleared for full attention to defense production." RCA accepted the suggestion wholeheartedly, and the negotiators came out with an agreement running to October, 1942, under which 9,700 employees get a flat 7¢-an-hour increase.

FACTORY Field Studies Will Reveal Tested Production-Boosting Methods

40 Case Histories, 100 Page Report, In FACTORY August Issue

A nation-wide field survey by the editors of FACTORY magazine is now being made to discover the most effective operating practices developed by industry to meet the demands of intensified production.

The results of this survey are to be published in August FACTORY, which will present more than 40 case histories of successful plant

experience in solving acute problems of war and peacetime production.

The issue will deal with five major steps by which national production can be increased. The following outline shows these steps and also cites the names of the companies upon whose experiences important case histories are based.

Nation's Need For Plant Leaders Uncovered By Foremanship Story

America's acute need for trained supervisors is conclusively shown by the response of manufacturers of every kind to the recent article "Foremanship Fundamentals" published in June FACTORY.

Mr. Kress' article, detailing 143 fundamental factors in successful foremanship, in addition to arousing nationwide interest has highlighted a somewhat unexpected condition. It is regarded significant that of the hundreds of requests for reprints received by the publishers of FACTORY 49% came from manufacturers of peace-time goods, indicating that these manufacturers are feeling the pinch of trained leadership as much as defense industries.

So important was Mr. Kress' article deemed by one of the General Motors Divisions that its entire content was presented to a meeting of its 132 supervisors, foremen and assistant foremen.

One of the major oil companies writes that material in this article is now being prepared for group discussion to be used by conference leaders throughout the entire organization.

The resident manager of a large non-defense plant writes: "We feel this article should be in the hands of everyone from the highest executive to the lowest rating foreman of any company."

In view of the great in-

terest and importance of Mr. Kress' article, additional reprints have been made available and FACTORY will gladly send a complimentary copy to any industrial executive who may desire to receive it.

"It's Train—Or Else"

The urgent need for an immediate stepping-up of industry's training program is startlingly presented in a provocative article under the title "It's Train—Or Else", which will appear in the forthcoming issue of FACTORY *Management and Maintenance*.

Primarily designed to stimulate action, this article frankly interprets the nation's threatened manpower shortage in a most serious light. The article points out that if industry were completely tooled for the defense job and if labor priorities were in effect today, in the opinion of many experts there would be no skilled workers available for non-defense purposes.

Presenting the thesis that the nation's man-power problem has been minimized by those who seek to preserve existing labor laws, it urges industry greatly to expand training programs in order to escape serious consequences, both to the defense effort and to industry itself. A practical plan for intensifying training is presented in the article.

♦ PUT ALL MACHINES TO WORK

By Subcontracting
Gisholt Machine Co.
American Type Founders, Inc.
General Industries, Inc.
Industries of York, Pa.

By Plant Conversion
Morton Mfg. Co.
2 other examples

♦ WORK MACHINES ALL THE TIME

By Multiple-Shift Operation
Kearney & Trecker Corp.
Trainor National Spring Co.
Timken Roller Bearing Co.
Reliance Elec. & Engrg. Co.
Aluminum Co. of America
F. W. Sickles Co.

By Twenty-Four-Hour Maintenance 2 examples

♦ USE THE MOST EFFICIENT METHODS

Of Planning and Scheduling
Spencer Lens Co.
Wallace Barnes Co.
McKesson & Robbins, Inc.
Henry Disston & Sons, Inc.
Cleveland Automatic Machine Co.

Of Work Simplification
Radio Corporation of America
North American Aviation, Inc.
J. E. Ogden Co.
Merck & Co.

♦ BUILD AN ADEQUATE WORKING FORCE

By Training Operators and Supervisors
Lincoln Elec. Co.

American Car & Foundry Co.
General Electric Co.
Stewart-Warner Corp.
Calco Chemical Div.
Monarch Machine Tool Co.
Le Tourneau Co. of Ga.
Yale U. & 100 Conn. Industries

By Rating Jobs and Men
Atlantic Refining Co.
Farrel-Birmingham Co., Inc.
John B. Stetson Co.

♦ KEEP THE WORKING FORCE AT WORK

By Safeguarding Health
Bigelow-Sanford Carpet Co.
The Baldwin Locomotive Works
Vega Airplane Co.
General Electric Co.
Westinghouse Elec. & Mfg. Co.

By Insuring Plant Protection
Eaton Mfg. Co.
Organizing for Fire Defense

By Employee Identification
Westinghouse Elec. & Mfg. Co.

The issue will contain also an entire section graphically showing industry's accomplishments in producing Machine Tools, Airplanes, Airplane Engines, Guns, Ships, Camps, Trucks, Quartermaster Supplies.

Makers of all sorts of equipment are planning to use this issue to bring to the attention of industry those things that will help most to speed production.

If your plant men are faced with tough operating problems, you will probably find them reading FACTORY—they can do so with profit. If you desire to sell your product to these kinds of men, the chances are that your advertising manager or agency has already included FACTORY in your advertising plans—if not, we suggest you ask them to investigate thoroughly the advertising

power of America's leading plant operating publication.

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FINANCE

Bidding Fiasco

First test of U-50 is a flop, due to SEC ban on basket bids. Result: No sale of New York Electric & Gas issues.

Competitive bidding for public utility securities, a complicated business at best, is going to prove even more trying than originally anticipated. That is the studied judgment of investment bankers and utility men after initial tests this week of competition under the Securities & Exchange Commission's new rule U-50.

Bidding very definitely got off on the wrong foot, but the initial fiasco could not be attributed to the operation of rule U-50, itself. The flop was occasioned by limitations with which the commission surrounded the financing of New York State Electric & Gas Corp.

• **No Basket Bids**—The utility sought bids on \$35,393,000 of first mortgage bonds and \$12,000,000 worth of 5% preferred stock. The SEC ruled that there could be no "basket bids" in which the underwriter agreed to take both the bonds and the preferred but declined to take either issue by itself.

Main reason for that rule, presumably, is to prevent eastern bankers from freezing out Halsey, Stuart & Co. of Chicago. The Chicago house handles no common or preferred stocks. Suppose it submitted high bid on an issue of bonds. Another group, with a basket bid, might be high on the preferred stock but only second or third on the bonds.

If total proceeds to the issuer from the basket bid exceeded the total on Halsey's bid on the bonds plus the best offer for the preferred stock alone, then the utility presumably would accept the basket bid and the best offer for the bonds alone would be wasted.

• **Four Bids on Bonds**—In the case of New York Electric & Gas, there were four bids on the bonds with a 3½% coupon specified. Equitable Life was high at 101.66, Halsey, Stuart second at 101.335. Two other bids were 100.819 and 100.76. But when all the envelopes were opened, it turned out that there weren't any bids at all on the preferred! So the company had to reject all tenders, for the SEC had also stipulated that bonds and preferred must both be sold or no dice.

As it happens, the company had set the dividend rate on the new preferred at 5%, and New York State requires that an issuing utility receive par or bet-

ter for preferred shares. The bankers didn't happen to find the stock attractive at those terms, they didn't bid, and the whole deal fell through.

• **Philadelphia Co. Experience**—The following day, the Philadelphia Co., holding company whose subsidiaries serve the Pittsburgh area, had a happier experience. Yet even in this case the result left something to be desired.

Philadelphia Co. invited tenders on \$48,000,000 of bonds, which were won by a Kuhn, Loeb-Smith, Barney syndicate on a bid of 100.3375 for 4½s, and on \$12,000,000 of notes which went to Mellon Securities-First Boston at 100.07 as 2½s. The result was that the company had to go to the expense of getting out separate prospectuses on the two issues—one for the syndicate underwriting the bonds and another for the group handling the notes. And the costs of distribution, including separate advertising of the flotations, clearly were substantially higher than if the two issues had been sold as a single package.

• **Inherent Difficulties**—In cases where a utility feels compelled to sell two types of securities in a single financing operation, this possibility of separate syndicates getting the business will always be present. And if the SEC insists that both issues be sold, there always will be a chance that one will draw no bids and that the other will be held up as a re-

sult. It seems altogether probable, however, that inherent difficulties in the bidding scheme will be lessened by experience after a time.

Incidentally, the first test of competitive bidding for a utility's common stock is due shortly when Standard Gas & Electric disposes of a 590,527-share interest in San Diego Gas & Electric. The holding company, which originally held a 99% interest, disposed of 403,343 shares recently and the pending deal represents the remainder.

Banker to Britain

RFC assuming that role (1) because Washington is shy of Wall St., (2) because English like to keep control of properties.

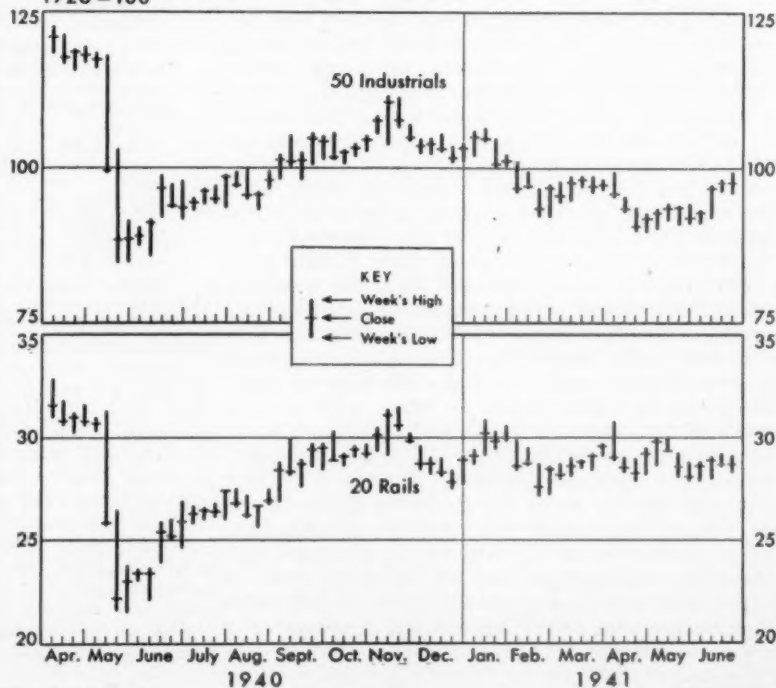
Logical banker for Britain in this country is the Reconstruction Finance Corp. That was the contention of many experts a year or more back, and it has been the growing impression of the Treasury and the RFC. Now, finally, the federal lending agency is accepting the rôle.

That seems surely to be the significance of protracted negotiations for a large loan to England to be granted by the RFC. British holdings in this country and English-owned securities of American companies would constitute the collateral for the transaction.

• **Bankers' Attitude**—The RFC's new

COMMON STOCKS—A WEEKLY RECORD

1926 = 100



Data: Standard & Poor's Corp.

© BUSINESS WEEK

THE MARKETS

All Eyes on Russia

Spontaneous reaction of the stock market to the news that Russia had been catapulted into the war was one of unqualified satisfaction. Prices responded with a brisk rise to the highest levels of the April-June recovery. Moreover, 46 issues traded on the New York Stock Exchange on Monday made new highs for 1941.

Generally speaking, Wall Street figured the least the news could mean was that England would certainly get a few weeks more to prepare for the showdown. At best? Well, the stock market structure hasn't been built along air-castle lines for about a dozen years now. Traders are not disposed to discount anything more than the minimum expectancies these days.

The result was that the rise, though it had vigor, soon topped off. That first hour of buying on Monday accounted for 350,000 shares of the day's 760,000 total. Thereafter trading dried up, although it was sufficient to absorb the dribble of profit-taking that came into the market.

Needless to say, most of the interest was in shares of companies whose present large volume of business would be prolonged by continuation of the war. Aircraft, steel, sugar, machinery, metal, and chemical shares were typical of those that closed behind pretty substantial plus figures.

Hesitancy of the markets after the initial upturn may be attributed in no small degree to the fact that The Street realizes that it will be very difficult to get accurate news about progress of the Russo-German conflict in its initial stages. This was demonstrated as early as Tuesday when the news ticker, within a period of a few minutes, carried two stories from "well-informed" sources in Turkey. One report had it that Germany had driven 120 miles into the Ukraine in the first two days of hostilities; the other that Russia already had launched counterattacks in accepted blitz fashion at critical points.

Meanwhile, traders did not completely lose sight of domestic news in their concern over foreign affairs. Higher cigarette production was translated into some further gain in the tobacco stocks.

50,000 KVA

EC&M MEETS ALL Starter Needs



YOU may need starters with high arc interrupting capacity depending upon the power characteristics of the plant. For in case of a short circuit, the voltage is limited not to the plant power load but to the capacity of the generating system supplying the plant. EC&M Magnetic Contactor Starters (2300 volt) have, in tests, successfully

interrupted short circuits of 50,000 KVA and over. And within one cycle after each interruption full normal frequency voltage returned—evidence of a clean and quick break!



EC&M builds both standard starters and starters with high arc interrupting capacity—to meet all needs.

THE ELECTRIC CONTROLLER & MFG. CO.
2700 E. 79th STREET CLEVELAND, OHIO

MOTOR CONTROLS • BRAKES • LIMIT STOPS • MAGNETS

man does not imply that the private banking system in this country has proved unresponsive to the job or incapable of performing it. In the case of British securities liquidated here, market authorities declare without reservation that an excellent job has been done. Moreover, investment bankers have been not only willing but anxious to buy out British-owned industries operating in this country.

But the RFC served notice about two months ago that it had an eye on the British investments. At that time, it put up \$40,000,000 and took a lien on British-American Tobacco's big American subsidiary, Brown and Williamson Tobacco Co., maker of Kool, Raleigh, and Viceroy cigarettes (BW-Apr. 1941, p. 7).

• **Question of Control**—Ever since that time it has appeared fairly clear that private underwriters weren't going to get much more British business. An important consideration to the English is the fact that when a company like American Viscose is sold to the underwriters, control passes to American investors. On the other hand, when the direct investment can be put up as collateral for a loan, as in the Brown and Williamson case, British owners can come around after the war and redeem their property.

The difference between losing a desirable holding through outright sale and simply putting it in hock is something to consider.

• **Washington Wary**—Then, too, Washington always is actively suspicious of Wall Street. If bankers make a tidy profit on the sale of a British investment, there always is the tendency to claim that the bankers are profiteering on Britain's distress.

The financial community was quick to reach that interpretation of Washington agitation for repayment to Britain of part of the banking commission in the American Viscose transaction. The syndicate which handled the public offering, headed by Morgan Stanley & Co. and Dillon, Read & Co., grossed \$7,825,000 on that deal. Even so, they modified their contract when they saw that the flotation was going to be a sure-fire success so as to relinquish \$1,000,000 of the fee to which they would have been entitled under the contract as originally drawn.

• **A Departure**—Voluntarily to give up more than 10% of the commission agreed to in a contract freely entered is a pretty unusual thing. On top of that, the British representative, Sir Edward Peacock, is quoted as saying that he is completely satisfied with the results.

However, with Washington critical, it is logical for the RFC to take over. If the lending agency happens to make a niggardly advance on any certain property or group of properties, there will be no grounds for complaint because the borrower can always redeem.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these Bonds for sale or as a solicitation of an offer to buy any of such Bonds. The offering is made only by the Prospectus.

NEW ISSUE

\$48,000,000

PHILADELPHIA COMPANY

4¼% Collateral Trust Sinking Fund Bonds

To be dated July 1, 1941

To be due July 1, 1961

Offering price 102½% and accrued interest

Copies of the Prospectus dated June 25, 1941, describing these Bonds and giving information regarding the Company may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities laws of such State.

Kuhn, Loeb & Co.

Smith, Barney & Co.

Harriman Ripley & Co.
Incorporated

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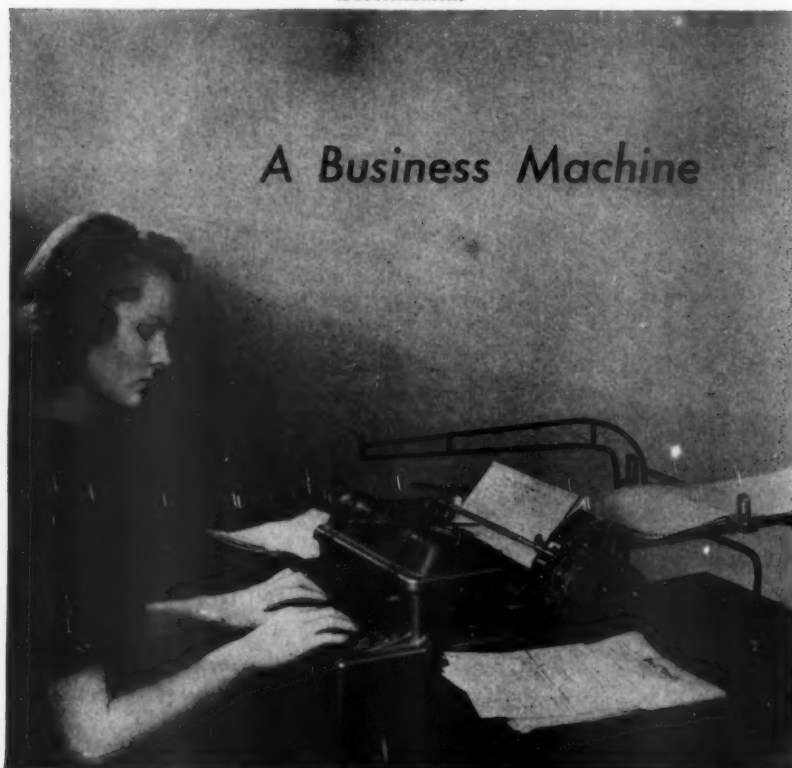
Ladenburg, Thalmann & Co.

Lee Higginson Corporation

Union Securities Corporation

New York, June 26, 1941.

Advertisement



Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION

The rails were bolstered by the declaration of \$1 dividend on the common stock and by some pretty optimistic earnings estimates. Farm implement companies, in a sellers' market, were favored with bullish comments.

Security Price Averages

Stocks	This Week	Week Ago	Month Ago	Year Ago
50 Industrial	97.6	97.6	92.2	93.6
20 Railroad	28.7	28.7	28.1	25.2
20 Utility	45.0	45.1	44.2	59.4
Bonds				
20 Industrial	90.7	90.5	89.9	85.3
20 Railroad	65.5	65.8	65.7	54.2
20 Utility	101.2	101.2	101.1	99.6
U. S. Government.	111.7	111.4	111.1	106.5

Data: Standard and Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMODITIES

More Controls

Federal action ends trading in rubber futures, but agricultural products stage further price rise on the war news.

More and more the commodity markets are feeling the impact of wartime controls. Latest casualty is trading in rubber futures. This market was formally closed this week except for winding up outstanding contracts as a result of Uncle Sam's taking over the functions of importer, dealer, and rationer of crude rubber supplies (page 20).

Rubber thus goes into a strait jacket even tighter than those that have been strapped on domestic raw materials for industry such as the metals. Copper, zinc, lead, and steel scrap trading has been confined within relatively narrow limits for a long time, although the metals have not been taken over by the government to the extent that they were in England.

• **Coffee and Sugar**—Official governmental disapproval has at least temporarily stemmed the rise in the coffee market, although no formal controls have been imposed. The uprush in sugar has been slowed although not completely stopped by the two increases in quotas for domestic use and the threat of even larger allotments if prices get out of hand. Tin long has been responsive to Washington's disapproval of quotations much above 50¢ a lb. Traders in wool clearly are afraid to bid prices up further for fear Uncle Sam will take action to nip the rise.

Add up those controls and threats of controls and you will see that there is less and less elbow room for the speculative trader as the war goes on. More-

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over, Leon Henderson has secured the consent of several of the commodity exchanges to higher margin requirements, particularly on imported items, further to handicap any rise of a purely speculative character.

• **Uncontrolled Markets**—Under the circumstances, it is not surprising that trading has been diverted more and more to the uncontrolled markets for domestic agricultural products and to things like lard and cottonseed oil which come into being as byproducts of the processing of agricultural produce. Hides alone in this list of materials have been subjected to a mandatory price ceiling, whereas several official steps have been taken actually to raise prices on many products of the farm.

Thus cotton responded to the spread of the war to Russia with a spurt on Monday to the best price in about 11 years, and cottonseed oil achieved the highest levels in some 15 years. Wheat, soybeans, hogs, and lard also registered sharp gains on the foreign news, although the markets generally gave some ground after Monday's enthusiasm subsided.

• **Supply and Demand**—Any way you look at it, the major force in the commodity markets is upward. Increasingly stringent curbs by the federal government are keeping the rise in check in some directions, but a long list of commodities still responds to supply and demand. What has been going on is clear enough from the following table:

Current Week Month 6 Mos.
Price Ago Ago Ago

Agricultural or Semiagricultural

Butter (lb.).....	\$0.364	\$0.348	\$0.344	\$0.324
Corn (bu.).....	.75	.739	.74	.609
Cotton (lb.).....	.1457	.138	.13	.098
Cottonseed oil (lb.).....	.125	.118	.106	.06
Hides (lb.).....	.15	.168	.168	.134
Hogs (cwt.).....	10.60	9.924	9.424	6.624
Lard (lb.).....	.108	.103	.099	.052
Soybeans (bu.).....	1.49	1.42	1.34	.91
Steers (cwt.).....	11.50	11.00	10.75	12.124
Wool tops (lb.).....	1.264	1.28	1.314	1.21

Domestic Industrial

Copper (lb.).....	.119	.119	.119	.119
Lead (lb.).....	.059	.059	.059	.055
Steel scrap (ton).....	18.75	18.75	18.75	20.75
Zinc (lb.).....	.076	.076	.076	.076

Imported

Cocoa (lb.).....	.0772	.08	.078	.054
Coffee (lb.).....	.117	.117	.11	.074
Rubber (lb.).....	.22	.216	.234	.209
Silk (lb.).....	3.044	3.084	2.964	2.574
Sugar (lb.).....	.0353	.035	.033	.029
Tin (lb.).....	.531	.523	.523	.501

• **Agricultural Prices**—Disinclination of the authorities to curb agricultural prices can be ascribed to two causes. One is the desire to encourage larger supplies of many materials that are desired not only in ample supply for home use but in quantities sufficient for lease-lend shipment to England as well. The other—and it is causing serious misgivings among those who fear the situation will get out of hand—is the political pressure for higher farm prices.

"Some of you
Executives
make me
laugh . . .



the way you close your eyes to every-day losses! For instance, in our own bookkeeping department, the girls say our ledger paper doesn't act right in the machines, won't take corrections easily, and generally slows down their work. The letterhead, envelope and onionskin papers I use could stand a lot of improvement. They look common, won't erase well and a lot of it goes into the wastebasket. It's a cinch somebody's paying for this high cost of poor business writing papers. Who do you suppose it is?"

EXECUTIVES: Your paper merchant and printer may be able to suggest cost reductions and better efficiency in your use of stationery, through the use of Gilbert Quality Papers. If you desire, a complete portfolio of Gilbert new-cotton-fibre-content papers will be sent on your request, which must be written on your business letterhead. The Gilbert Paper Company, Menasha, Wis., Producers of Extra-Value Business Writing Papers.

GILBERT  *Quality Papers*

GILBERT BONDS

<i>New-Cotton-Fibre-Content</i>	
Dreadnaught Parchment 100%	
Leicester Bond 100%	
Valiant Bond 75%	
Rediance Bond 60%	
Resource Bond 50%	
Allegro Vellum 25%	
Dispatch Bond (Opaque) 25%	
Avalanche Bond 25%	

GILBERT ONIONSKINS

<i>New-Cotton-Fibre-Content</i>	
White Cloud Onionskin 75%	
Dispatch Onionskin 25%	
GILBERT INDEX BRISTOLS	
<i>New-Cotton-Fibre-Content</i>	
Dreadnaught Index 100%	
Dauntless Index 50%	
Dispatch Index 25%	

GILBERT LEDGERS

<i>New-Cotton-Fibre-Content</i>	
Dreadnaught Ledger 100%	
Old Ironsides Ledger 75%	
Dauntless Ledger 50%	
Dispatch Ledger 25%	
MISCELLANEOUS GILBERT PRODUCTS	
Dispatch Manuscript Cover 25% <i>New-Cotton-Fibre-Content</i>	
Also Fine New-Cotton-Fibre-Content Papers to Meet Special Requirements	

GILBERT SAFETY PAPERS

<i>New-Cotton-Fibre-Content</i>	
Dispatch Safety 50%	
Gilbert Safety Bond 50%	
Arrowhead Safety (Repliable)	

★ The Best Papers Are Made With New Cotton Fibres ★

THERMOPLÉGIA

(HEAT SICKNESS)

A hazard to employees' health and employers' profits

WHEN Thermoplegia (heat sickness) strikes employees down with cramps or prostration, its results are visible. It also slows down workers with the muscular weakness in early stages. Guard against this hazard to health and profits. Install Sterling Salt Tablet Dispensers near water coolers and drinking fountains. This makes it easy to restore salt lost from the body by perspiration or sweating—and this loss is the cause of Thermoplegia. For reduction of lost time, of slow-down in work due to this unseen hazard, provide employees with Sterling Salt Tablets and instructions for proper use. Write for the free International folder on Thermoplegia (heat sickness).

INTERNATIONAL SALT COMPANY
INCORPORATED
Scranton, Pennsylvania

• Large dispenser holds 1,000 tablets, \$4. Small size holds 500 tablets, \$3.25. Tablets are made; quick-disintegrating; or 70% salt, 30% dextrose.



Sterling
QUICK ACTING
SALT TABLETS

Now...
**RELEASE or
SUPPLEMENT**
YOUR OTHER
MACHINES



with
**PORTER-
CABLE**
WET-DRY
Belt Grinder

Today, in many full-speed-ahead shops, Porter-Cable Wet-Dry Belt Grinders are smoothing out production jams, increasing output, cutting costs — by freeing major machines for other jobs.

They're handling scores of operations ordinarily done on millers, surface and disc grinders, trimming cutters, etc. Extra efficient for truing up "locating" faces; plane-surfacing bosses and scattered areas; cutting curves, radii; removing burrs. Saves set-up time, cuts to close limits. Successfully machines hard metals, soft alloys, plastics, ceramics.



FREE—The new book, "Wet-Dry Grinding in the Spotlight," tells when, where and how to use this high-speed wet belt method. Get the facts. Write for your free copy Today.

PORTER-CABLE MACHINE CO.

2030-6 N. Salina St.

Syracuse, N. Y.

BUSINESS ABROAD

Economic Warfare

Washington acts decisively to block Axis on worldwide front, which further tightens reins on domestic business.

In bold strokes, Washington this week began to put into effect its program for the economic defense of this country (BW—June 21 '41, p15).

Most significant move was the placing of all rubber imports under the control of a central buying agency. Effective June 23, the new ruling makes the government-controlled Rubber Reserve Co. this country's sole purchaser of foreign rubber. Acting in cooperation with priorities authorities in the Office of Production Management, this organization will later allocate all rubber released to the country's industrial consumers. What may be left over when defense needs are filled will be allocated to civilian industries after consultation with the Office of Price Administration and Civilian Supply.

• **What It Means**—Business leaders familiar with all of the details of the new central buying program are concerned with its implications. Rubber is mainly imported by the four great rubber manufacturers—Goodyear, Goodrich, Fire-

stone, and U. S. Rubber. Some of these companies control their own plantations in the Far East and in Africa. Nevertheless, for the sake of economy of planning and shipping, the government—presumably for the duration of the war—will contract for all imported rubber. And with the rationing scheme announced this week (page 20), supplies will be allocated to individual manufacturers in dwindling quantities except where companies have large defense orders with high priority ratings.

• **Other Controls?**—There is no indication yet what else will be placed under similar control but it is hinted that cocoa, sugar and vegetable oils may be next because of the shortage of shipping space. Evidently anticipating this, cocoa deliveries—many of them from West Africa, where there is a shortage of cargo space to haul badly-needed strategic materials—and shipments of sugar from the Philippines reached high levels during May. The government may regulate imports of these commodities to avoid peak deliveries in any month and to reduce them to a minimum if a complete emergency develops.

The government, in another move which has been designed both to strengthen this country's economic defenses and strike a blow at the Axis powers, completed plans this week to require licenses for the transfer of all funds abroad. Aim of the new ruling,



LIFELINE

Now that Russia is involved in the war in Europe, Soviet aid to China is likely to drop to a minimum—so that the

Burma Road (above), over which practically all U. S. supplies to China are carried, will become Chungking's last connection with the countries helping her in her struggle against Japan.



BETTER ROADS AHEAD!

Thanks to Southern pine stumps ★ ★

*Another of the many ways in which
Hercules products are helping to
speed production and cut costs.*

AMERICA has the best highways in the world, but they'll be even better soon . . . cheaper to maintain, and smoother in northern climates.

These improvements are made possible by Vinsol®, which Hercules discovered in the pine stump. A little Vinsol is added to cement at the clinker grinding stage. This cement makes concrete that resists damage by de-icing agents during cycles of freezing and thawing. Naturally, this concrete costs less to maintain. Also, it is more plastic and costs less to lay because it spreads easier and faster. It has a smoother, finer texture.

The importance that engineers attach to this remarkable discovery is shown by sections of highways in many states, laid with Vinsol-treated cement.

CHEMICALS THAT TOUCH ALL OUR LIVES . . . Born in the Hercules laboratories and matured in Hercules plants are chemicals that serve as raw materials

in almost every industry. They contribute importantly to plastics, paper, textiles, mining, construction, quarrying, metal foundries, film, meat-packing, cement, soaps, inks, linoleum, disinfectants, insecticides, asphalt, leather, rubber, essential oils, adhesives.

AN INTERESTING LIST OF PRODUCTS . . . Among the principal Hercules chemical products are chemical cotton, and the cellulose derivatives—nitrocellulose, cellulose acetate, and ethyl cellulose—each in a range of diversified properties, to solve many problems in plastics, finishes, and film. Also important among Hercules materials are turpentine, pine oil, terpene derivatives, rosins, rosin derivatives, resins, and rosin esters—and a wide array of paper-makers' chemicals.

Write for literature on Vinsol, or on any other Hercules chemical material. Address Department B-7.

HERCULES POWDER COMPANY
INCORPORATED
Wilmington Delaware

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IN-129



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HERCULES

CHEMICAL MATERIALS FOR INDUSTRY



**Has this ever
happened
to you?**

GEORGE AND HENRY got themselves into this in spite of ample warning which ran something like this: "Remember now . . . if I hear the word **BUSINESS** tonight, you'll be extremely sorry."

. . . but it didn't do any good. It never does.

It just so happens that most successful men have their **BUSINESS** on their minds wherever they go. It gets under their skin like nothing else. It's the most important single thing in their lives.

This fact is quickly recognized by Advertising men . . . and many of them take advantage of it.

They know **BUSINESS** is the one thing that brings together the golfers, the bridge-players, the mystery-lovers. It's the one interest shared by all men of Management with equal intensity. The one force that makes a powerful, compact market out of a certain magazine's audience!

Advertising men know that *Business Week's* unusual strength results from its unusual importance to its readers.

For, there's nothing casual about business news

today. Management-men need a 'private wire' to its source . . . need a magazine whose pages are backed with known authority . . . need a publication with the swift pace of weekly regularity.

They get that important service through *Business Week*. These men who are managing American industries get that kind of business news service . . . and one thing more: They get a business goods service, not duplicated by any other magazine of any kind.

In the first 5 months of '41, for example, *Business Week* has displayed nearly as many pages of advertising as all the rest of its field together . . . and shows an issue-by-issue gain of about 27% over its own figures for a year ago!

That's the way the men of Advertising are turning unusual **READER-INTEREST** to their own advantage. And that's the way many advertisers are getting back 100 cents on every advertising dollar invested.

Has that ever happened to you?

Business Week
ACTIVE MANAGEMENT'S MAGAZINE

if it is imposed, is to stop transfers to any nationals of Italy or Germany in any part of the world. Beyond this, it is even rumored that the government's blacklist will include all those firms or individuals in other parts of the world which the British have shown to be working for the benefit of the Axis. This includes many firms in Latin America and in the Orient.

In some cases where important Latin American banks are partially controlled by Italian or German nationals who have lived for a long time in the country in which they operate, Washington has ruled informally that when the alien interest in the bank amounts to less than 25% and it is apparent that the bank is not operating in the interest of Berlin or Rome, transfers from New York will be allowed.

● **Effective Campaign**—At the same time, the Rockefeller council on hemisphere economic defense, working in collaboration with the Bureau of Foreign and Domestic Commerce, is beginning to get results in its campaign to break contracts between United States firms and agents in Latin America who have been proved by careful investigation to be agents of the Axis. Squawks from Berlin and Rome make it plain that the campaign is beginning to be effective. Export circles will not be surprised if the government announces sometime in the near future an official American blacklist. If such a list is published, customs collectors might then be empowered to stop at the docks shipments to all blacklisted companies.

In individual Latin American countries, Washington's economic defense program is taking hold. In Brazil, the Rio government, encouraged by Washington, has imposed an export ban on all shipments of manganese, mica, rubber, chrome, nickel, quartz, and industrial diamonds except to the United States. This simplifies Washington's problem of buying up all of these materials to keep them from falling into the hands of the Axis.

● **Brazilian Air Bases**—At the same time, Washington officials are reported to be negotiating in Rio with Brazilian authorities for the construction of air bases along the Brazilian coast. The project will cost \$100,000,000 and it is reported that the Export-Import Bank will advance the money to the Brazilians, who will construct and own the bases but make them available to the United States in case of an emergency. It is less than 1,800 miles across the South Atlantic from the "bulge" of Brazil to Dakar, where German "tourists" are said already to be in virtual control of that French colonial port.

Chile, according to latest reports, is about to undertake a \$50,000,000 electric power development program with the assistance of the United States. Two-thirds of the cost will be covered by

the Chileans but the United States will provide a \$15,000,000 credit to cover the cost of machinery and equipment which will be purchased in the United States. Washington will provide the Chileans with export priorities for the materials because the power project will add materially to the Latin American country's defense.

● **Farm Products**—There was opposition in Washington this week at the opening hearings on the Argentine and Uruguayan trade agreements because of the fear that this country is preparing to let

down the barriers on competing farm products. Actually, Washington is determined to make a trade deal with these two countries now, when they are forced to make certain concessions which they have resisted successfully in peace times when other markets were open to them.

At the same time, Washington is likely to make concessions too, but with the full knowledge that through its emergency control of shipping space and foreign exchange it can prevent any flood of South American imports which would injure the American farmer.

How War Has Affected Our Foreign Trade

Washington has decided to discontinue the publication of foreign trade data because of the useful information it provides unfriendly nations about what we sell abroad and where we sell it. April statistics, released last week, are probably the last that will be published in detail by Washington until after the war. What trends are revealed in our foreign trade for the first four months of this year, compared with the same months in 1940, therefore take on special significance.

Exports of farm products have shrunk; most European markets are

closed by the British blockade, and Britain is cutting bulky purchases—like cotton, corn, wheat, fresh fruit—to a minimum. Exports of machinery, trucks, airplanes, and ammunition are soaring—most of them bound for Britain, China, or friendly nations in Latin America.

Imports are gaining more rapidly than exports due to huge purchases of wool and hides in Argentina and Uruguay; coffee in Brazil; copper in Chile, Peru, and Mexico; rubber and tin in Malaya and the Dutch East Indies; and cocoa in Africa and South America.

	Value (Millions of Dollars)		
	Four Months Ending April,		
	1940	1941	% Change
EXPORTS			
Total	1,390	1,371	-1.4
Agricultural	285.0	103.9	-63.5
Raw cotton	151.2	17.2	-88.6
Grains and preparations	31.9	19.6	-38.6
Tobacco, unmanufactured	18.5	13.2	-28.6
Packing-house products	20.0	11.1	-44.5
Fruits and nuts	18.1	7.9	-56.4
Non-agricultural	1,073.1	1,238.9	+15.5
Machinery	212.6	241.0	+13.4
Iron and steel-mill products	140.9	155.2	+10.1
Aircraft, parts and accessories	88.2	190.6	+116.1
Petroleum and products	117.5	65.0	-44.7
Automobiles, parts and accessories	96.1	107.1	+11.4
Chemicals and related products	68.1	79.9	+17.3
Nonferrous metals	76.4	43.3	-43.3
Iron and steel, advanced manufactures	20.0	29.4	+47.0
Firearms and ammunition	3.9	47.9	+1,128.2
Rubber and manufactures	12.9	18.6	+44.2
IMPORTS			
Total	871	1,017	+24.5
Agricultural	436.6	532.9	+22.1
Crude rubber	95.4	123.8	+29.8
Raw silk	36.1	30.3	-16.1
Wool and mohair, unmanufactured	34.8	74.3	+113.5
Hides and skins	18.2	20.9	+14.8
Coffee	47.9	72.3	+50.9
Cane sugar	40.9	56.4	+37.9
Cocoa or cacao beans	8.5	13.3	+56.5
Vegetable oils, expressed	21.1	12.8	-39.3
Oilseeds	15.7	8.5	-45.9
Non-agricultural	397.8	436.5	+9.7
Tin (bars, blocks, pigs)	32.6	54.1	+66.0
Copper, including ore and manufactures	23.3	37.6	+61.4
Chemicals and related products	24.8	19.8	-20.2
Whisky and other spirits	11.4	12.3	+7.9
Diamonds	15.2	11.7	-23.0
Nickel and alloys	9.0	12.6	+40.0

Answers to "after-the-war" questions

Why would British victory not mean an end to our troubles?
What social and political tendencies affecting every American will be evident after the war?
In what ways will our standard of living be affected?
Could American industry compete with a Hitler-dominated Europe?
What will become of the durable goods industries after the war?
What policies endorsed by American businessmen contributed to the outbreak of World War II?

Get help in understanding the position of the United States in the new set-up of nations emerging from the present war, from this new book. Not an idealistic forecast but a brass-tacks, hard-facts, thoroughly practical diagnosis and prescription.

Just Out! AMERICAN BUSINESS IN A CHANGING WORLD

By A. W. Zelomek and R. C. Shook
International Statistical Bureau, Inc.
264 pages, 5½ x 8, \$2.50

FROM this book you will get "expert opinion" on vital questions now troubling alert business men. In their capacity as consultants to a variety of American businesses, the authors have foreseen the necessity of recognizing the impact of foreign events on domestic developments. In this book they present a background of facts and an analysis of the challenge arising out of them and of the means of meeting it.

What, precisely, are we arming against? Will we be safe if we are strong? If we cannot get away from the world, what can we do to improve it and our own position in it? In short, what is our responsibility, how can we carry it out, and what will be the results? Be sure to see this stimulating, suggestive discussion of these broad problems—the conclusions as to the possibilities for American business in a changing world.

Read this book 10 days on approval
Mail the coupon today

McGraw-Hill Book Co., 330 W. 42nd St., N. Y. C.
Send me Zelomek and Shook's American Business in a Changing World for 10 days' examination on approval. In 10 days I will send \$2.50, plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance).

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Economic Meshing

Canadian committee for coordination with United States represents nearly all Dominion business save foreign trade.

OTTAWA—Unrestricted U. S.-Canadian war integration will be pushed by the joint committees on economic co-ordination appointed last week in Washington and Ottawa. The Canadian committee represents virtually the whole of the country's economy with the exception of foreign trade.

R. A. C. Henry, who heads the group from this country, is a former deputy minister of railways, subsequently prominently identified with the Beauharnois power development on the St. Lawrence, and now chief adviser to Munitions and Supply Minister Howe. Professor W. A. Mackintosh, likely to be the most active member, is assistant to the deputy minister of finance and trusted adviser to the Ottawa administration on the whole war economy—a political economist with his feet firmly on the ground. Alex Skelton, of the Bank of Canada, represents finance and foreign exchange. J. G. Bouchard is one of the leaders among the permanent heads of the Federal Agricultural Administration. Secretary Keenleyside, of the External Affairs office, represents Canada's foreign policy.

• **Integration vs. Unification**—While officials here insist that the end is integration as distinct from unification, practical observers are unable to see where, in the logical development of the trend, the distinguishing line can be fixed. They cannot envision either automatic or applied brakes on the process of integration any more than they can picture integration's being reversed into separation when the war emergency is over.

With United States and Canadian industry sharing designs, tools, North American and external sources of supply; producing and supplying war and civil requirements under identical controls; and with transborder business adjusted to accommodate the special requirements of each country, about the only economic department remaining in which there is no common policy and pooling of interests is foreign trade. In Canada, many people do not see how coordination of foreign trade can be avoided after it begins to develop in the other departments.

• **North American Unit**—The picture gradually taking shape in the minds of Canadians is that of a North American economic unit—necessary and sensible in the prosecution of the common war cause, and inevitable for meeting conditions in the post-war world. Some Canadians had a preview of this at the time of the reciprocity treaty of 1911. Now

OUTWARD BOUND

The Maritime Commission is quietly taking over—at the rate of one or two every other day—all of the 84 foreign vessels which have been immobilized in United States ports because of the war. Of the six Danish ships acquired last week, three have been assigned to the United States Lines to operate between Canadian Atlantic ports and Australia and New Zealand, replacing British boats removed for the hazardous North Atlantic convoy service.

Where the remaining foreign vessels will operate may not be revealed, for in the case of the Italian and German boats particularly, the commission is eager to keep their whereabouts a secret in order to reduce sabotage possibilities to a minimum.

Several of the Italian vessels which were damaged by their crews before they were taken over by the government can be repaired in three or four weeks; a few may take as long as five months to be made seaworthy.

they feel that time is taking vengeance on those who destroyed the treaty in the name of Empire sentiment.

Even in labor policy the two countries are meshing their movements, and getting onto the same path. Ottawa's attitude toward the exploitation of war labor for noneconomic ends is hardening in about the same degree and at about the same pace as Washington's attitude. Here is how recent moves in the two countries have paralleled each other:

• **United States**—Seizure of the aviation works in California; cancellation of draft exemption for strikers; barring of government payments to picket-line participants and persons refusing to respect mediation awards.

• **Canada**—Establishment of government control at a strike-idle Hamilton plant; making participants in the production slowup in Nova Scotia coal mines liable under Canada's Defense regulations; taking legal action against promoters of "strikes without mediation" as in the Canadian General Electric plants; parliamentary amendment barring special pleaders from conciliation boards.

• **Inquiry Commission**—Next Canadian move scheduled for this week is the creation of an Industrial Disputes Inquiry Commission which is expected to forestall trivial demands on conciliation boards. The object is to prevent strikes where irresponsible labor leaders sign up a few plant employees, demand conciliation board review, and thereby secure control of plant labor through offer-



That was YOU!... Remember?

THE KID was standing on a street corner, in the rain. The crummy curled-up felt hat—left in the mess hall by the oldtimer who swiped the kid's new issue headpiece—was too small, let the rain trickle down his neck. The OD blouse had a size 16 collar that sagged in front. The rough field shoes would have fitted two other fellows. He looked more like a scarecrow than a soldier, and felt funnier.

It was his second month in the Army, and his second camp. In the shift, his service record hadn't arrived in time for payday, and a lone two-bits stood between him and the next. Main Street was lined with movie houses, dance halls, eat joints and banana-split dispensaries—all strictly no good to a soldier shy of folding money... He had come into town because he was fed up with the barracks; but even bunk fatigue was better than roaming around by yourself in the rain in a strange town... He wondered when the first truck would start back to camp...

THE kid soldier was YOU... remember? You've probably forgotten. Looking back, those were the best days of your life—but not all of them, if your memory tells the truth! Some of them were pretty sour, particularly at first. Later, you learned about the "Y" huts and service clubs where you could spend time when you hadn't anything else to spend. They tossed teas, and held dances, and you met some local girls and got invites to Sunday dinners, and felt like a human being once more!

Now we have another citizen army, mostly kids like we were. Sure, the Army dresses them better, and feeds them better than it did us. But these boys get homesick and lonesome, fed up with formation and drill and routine, just as we did. They have the same old problem with their spare time—and twenty-one bucks a month doesn't solve it... That's where the USO comes in.

THE USO—United Service Organizations for National Defense—are all the old welfare outfits working under one big tent today. (See the list below.) Outside of camps and in nearby towns, they set up recreation centers for service men, and defense workers; places where the boys can loaf and play when off duty. They help out with problems, give directions and advice, arrange entertainments; may even put the boys up for the night or on weekends when they are out on passes. And they do a good job, as they always have!

The USO figure they will have to take care of 2,000,000 customers in the next year—men in the armed services, men and girls away from home on defense jobs. And they need \$10,765,000—a little over \$5 per person served... It isn't much to ask for. And where can a 5-spot buy more than in the USO?... Send your contribution to United Service Organizations, National Headquarters, Empire State Building, New York, N. Y., or to your local USO Committee. Join the army behind the Army! Thanks...

Give to the U.S.O.!

The Young Men's Christian Association • The National Catholic Community Service • The Salvation Army • The Young Women's Christian Association
The Jewish Welfare Board • The National Travelers Aid Association

ing the prospect of concessions whether or not there has been any labor grievance.

When the Inquiry Commission reports that there is no dispute between employer and employees justifying a conciliation board, the labor organizer cannot call a strike without exposing the employees to penalties for unauthorized strikes.

● **Victory Loan Success**—Heavy oversubscription of the \$600,000,000 victory loan in less than the time allowed is indicative of the hardening of the national war spirit, particularly since it follows so soon after the virtual doubling of Dominion income tax rates.

Drastic curtailment of the use of pig iron for nonwar castings is gradually being enforced. Civilian industries assured of minimum requirements are transportation, mining, petroleum, and public utilities. Next on the preferred list are agricultural implements, pulp and paper, lumber.

● **Processing Tax**—By the end of the crop year (July 31) at the latest, Ottawa probably will lift the 15¢-a-bushel processing tax on wheat for domestic consumption, the reason being a threatened general increase in bread prices. No action is being taken on a proposal from the western provinces for closing the Winnipeg Grain Exchange.

Ottawa, with only four months' supply of tea in the country, is seeking to have ships carrying U. S. munitions to the Red Sea routed on the return trip to pick up tea cargoes—also jute—in the Indian Ocean.

Russian Harvest?

Skeptics see difficulties that may limit Berlin's ability to make speedy economic clean-up after drive against Soviets.

BERLIN—With German troops pushing into Soviet territory along a 2,000-mile front, Berlin officials this week undertook the task of explaining away the last two years of propaganda about the importance of Soviet raw materials for the Nazi war machine (page 14).

The advance of the German armies interrupts for an unknown period the flow of Soviet supplies of grain, oil, cotton, ores, and other products which Moscow, under the terms of the original trade pact signed in August, 1939, agreed to ship to the Germans in exchange for machinery, oil-drilling equipment, and munitions.

● **A Change of Tune**—For the last two years the German press has drummed away at the thesis that these Russian deliveries of raw materials were contributing importantly to Nazi stockpiles. During the first year, the Soviets were

pledged to deliver 1,000,000 tons of oil, 200,000 tons of cotton, and 1,000,000 tons of fodder. When the pact was renewed at the end of that year, the quantities were enlarged but neither side revealed exactly the amounts to be delivered.

This week, Berlin newspapers carried long editorials explaining that Russia failed to meet the deliveries promised and claiming that the whole deal had been nothing more or less than a smoke screen, as far as Moscow was concerned, to hide its true intentions of sabotaging the Reich's war economy.

● **Problems Foreseen**—Berlin apparently believes now that if it can organize Russia's economy under its own control, it can extract far larger quantities of food and raw materials than under the voluntary arrangement of the last two years. Neutral observers, however, are skeptical of the results. They point to the tremendous transport problems, to the probability of widespread sabotage (which inevitably will follow any breakdown of the present Bolshevik regime), and to the difficulty of carrying out industrial reorganization on the necessary scale in less than a good many years, whereas Germany's need for a quick return is clearly evident.

Germans all week have not hesitated to point out that the temporary elimination of Russia as a supplier is likely to prove more of a blow to the European countries now occupied by Germany than to the Reich itself, for in any reduction of supplies that results from the new situation non-German countries are the first to suffer.

● **Fodder Shipments**—Denmark has been particularly dependent on large shipments of Soviet fodder which are needed to maintain the livestock of that highly-developed dairy country. Denmark before the war depended on imported fodder to cover 80% to 90% of its needs. These requirements were greatly reduced after the Nazis invaded the country, because of the large-scale slaughter of both cattle and hogs to fill emergency demands in the Reich. But without Soviet supplies, further slaughtering will be necessary.

The war, however, has brought the Reich important compensations in Finland and Turkey. With the extension of the battle front along the entire Russo-Finnish border, Germany comes into complete control of the big nickel mine in northern Finland, once controlled by International Nickel Co. It was a part of the Russo-Finnish war settlement that the Soviets have access to some of the nickel produced in these mines near Petsamo and in recent months Berlin and Moscow had been bickering back and forth over the amount of metal each was to receive.

● **Turkish Trade**—With Russia unable any longer to put pressure on the Turks to do a minimum of business with the



ARGENTINE DEVELOPMENT

J. B. Thomas, manager of the American Chamber of Commerce in the Argentine, is due in New York early in July to set up the American sales office of the new Argentine Development Corp., organized in Buenos Aires to promote the sale in the U. S. of 150 little-known Argentine products (BW—May 31 '41, p57).

Reich, Berlin expects to extract an unusually favorable trade agreement from the Turks. What the Germans want out of the region are tobacco, cotton, copper, chrome ore, and fruit. In return, they will probably promise to deliver machinery though they will make every effort to buy on credit or at least with an arrangement for deferred deliveries which they hope to fill after the war is over.

RESERVATION ON GLIDERS

Glider fans thought the Nazi demonstration in Crete would force the military to go for glider training in a big way, but the Air Corps still thinks better results can be obtained with parachute troops, because more men can be carried faster in large planes. Officers contend that while gliders have the advantage of silence, they are good only for short-range attack and that this hemisphere affords few such opportunities.

However, the Air Corps is interested to the extent of ordering 30 gliders with a probable capacity of 10 to 15 men, and it is sending a few men to commercial schools for pilot training. There isn't a glider in the country now that can carry more than two men, although Hawley Bowlus, pioneer glider and sailplane designer, has completed an eight-place design. Both the Army and Navy will comply, of course, if Congress insists that a glider program be set up and backs it with cash.

PROFIT & LOSS

For Future Reference

The National Highway Users Conference in Washington reports that a national insurance survey, recently released, proves that anything can happen once you get a man behind the steering wheel of an automobile. As evidence, it lists cases in which everything from bears to bees, including cattle, deer, pheasants, hawks, and buzzards, have been responsible for damaging cars. And incidentally, the survey disclosed that, though the car usually managed to emerge the winner from most of these conflicts, when it's a case of a bull charging a car, it's usually the bull that wins.

B. B. Gun

In the natural course of events it's the Army or the Navy that develops a new weapon, and the fairs, carnivals, penny arcades, and circuses that promptly turn up with models or adaptations of the weapon in their shooting galleries. But this time, it happened the other way



around—and Army and Navy flyers can now practice bringing down enemy airplanes with a compressed-air machine gun which a Navy official first saw in operation at the New York World's Fair.

The gun was invented by Paul V. McGlashan of 1336 Gladys St., Long Beach, Calif., and originally it was made to operate under a low air pressure because exact shooting wasn't one of the requirements of concessions at fairs—but even at low pressure the gun poured out such a stream of lead that the Navy was impressed. After both the Army and the Navy showed an interest in the gun, McGlashan began to work on increasing its fire power as required for official use, and developed a way of piping air to a number of guns through heavy rubber tubing from a big compressed air cylinder like those used in service stations. This brought the pressure for the guns up to 200 lb., so that a touch of the trigger brought an almost solid stream of B.B.'s from the muzzle—about 1,300 a minute.

Army officials, immediately impressed with the accuracy of the gun in tests, ordered a trial shipment of 140, to teach

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aerial gunners at Langley field properly to "lead" fast-moving targets.

Economy of operation was the main reason for the Army's purchase. The B.B.'s—which are just the same kind the kids buy for their air rifles—cost about a cent a hundred; and probably they could be bought much cheaper than that in large lots, by the government. Firing the lightest-caliber machine gun costs about 7¢ a shot, and the cost goes up as high as 15¢ for heavy-caliber.

The guns fire with a lot of power about that of a .22—and the bullets easily pierce heavy cans on a 1,000-inch range. They can be regulated to shoot at the same speed as standard aerial machine guns, are equipped with barrels sights similar to service weapons, and are expected to prove invaluable in training the nation's fighting airmen.

How to Get the Bugs Out

According to an interesting survey made by General Electric last summer night-flying insects—including mosquitoes—are especially drawn to blue light. They don't go for red, at all; and they prefer bright lights to the softer, more amber tones.

Speaking of insects, there's always the New Jersey mosquito, whose fame lives on even though vaudeville is dead. The organization which has done most for the New Jersey mosquito is undoubtedly the Essex County Symphony Society. This year, as in the past six years, the society is relying on a fascinating substance known as "New Jersey Larvicide Concentrate" to solve the mosquito problem at its outdoor concerts. It is made by the Seacoast Laboratories of 156 Perry St., N. Y. Diluted with water, it is sprayed through power sprayers all over the concert field—under the stands, on the trees and bushes, everywhere—about an hour before the concert is set to start.

It's effective for the whole concert. Not a bug stirs while the music is going on—and the really touching thing about the spray is that it doesn't kill the mosquitoes—just knocks them out for a spell. After the concert is over they all come to and go right on about their business.

Pension

The Old Age Pension League of Colorado—rival of the National Annuity League that backs the so-called \$45 old-age amendment that doesn't pay \$45 a month—has given notice of a new pension plan to be placed on the ballot in 1942. This one doesn't attempt to guarantee \$45 a month but just says that in the event the pension has to be reduced in any one month every state official from the governor down must take a proportionate cut in pay for that month. Thus, it would guarantee inspired official efforts to provide full pensions.

THE TRADING POST

Workable Democracy

A few weeks ago Business Week reported that the \$5,000 first prize of the Revere Awards for the "best contributions made by workers at the bench to America's defense plans" was awarded to Eugene Phillips, Fort Worth radio electrician.

In presenting the check to Mr. Phillips, C. Donald Dallas, president of Revere Copper and Brass Inc., laid on the line some truetalk on the subject of democracy, its virtues and its hazards. The following extracts from what he said are worth keeping eternally in mind if we are going to use democracy as a practical instrument of accomplishment rather than merely enshrine it as an abstract ideal to be worshipped:

The point is that a pure democratic majority may be capricious, autocratic, and unjust to a minority or to minorities; furthermore, natural leadership quickly rises to the top in a majority group and power and wealth inevitably center in a very small minority. This is true of a business, of a labor union, of a church, of a nation, or of a democratic majority in a nation. Therefore, it is also true that a minority may have sufficient power to ride roughshod over a majority. So in order to protect everyone and balance both the power of the majority and of the minority, the founders of our Constitution were careful not to set up a political democracy, but a republic, with a vote for everyone, but with constitutional representative government guaranteeing certain inalienable rights to minorities and with checks and balances of power.

Politically, democracy under a republic or otherwise implies ultimate rule by the majority. But true democracy goes further than that. It guarantees and protects the freedom and liberty of the individual and of all individuals. Hence, we have a republican form of democracy that not only gives rule to the majority party, but also guarantees the rights and freedom of the individual. Stated otherwise, democracy is a way of life that presupposes freedom, opportunity, and responsibility for the individual. It is a balance between liberty and equality on the one hand and mob rule and dictatorship on the other. It is important that we understand this else all our sacrifices and wars to protect democracy may be in vain.

The Big Kick

In accepting the Revere Award, Mr. Phillips also said something that I have pasted in my own hat. Maybe you too will find it helpful.

He said that he got his big kick out of the contest from his feeling that he was taking part in a big thing. "That I came out on top," he concluded, "was my good fortune."

That is a refreshing bit of philosophy which has a far wider application. We

all are so preoccupied with our struggles to come out in the big money that we often forget the big kick we can get out of taking part in big things. "Our good fortune," as Mr. Phillips put it, may have a lot to do with where we land, but nothing ever can take away from us the satisfaction to be derived from a job of work well done.

More on Master Bottleneck

Last week, in this space, I had something to say on the matter of bringing together the right man and the right job. Before that piece could be cast into type, another instance came to my desk that highlighted even more sharply one of the chief difficulties of sorting available man-power. I mean the trouble any man has in shifting from one well defined field to another, even when his native qualities and personal responsibilities may justify the change.

This case involves a physician. He's still a young man, although for ten years he has been director, superintendent, or, under some title, general manager for several hospitals. His annual budgets have run from \$50,000 to \$1,000,000; his employees from 50 to 650. He now is administrator of one of the country's largest sanitariums.

Now this man has been engaged in management, and his major interests are managerial. He holds several degrees from a couple of universities but he sets greater store by his post-graduate work in the schools of business of those universities. He is especially interested in employee and public relations, has originated courses in employee training, has written a book on selection of personnel.

With this background, he feels that the present expansion of industry and the need for managerial talent make this the time to carry out a long-cherished project of passing from hospital management to industry.

But his problem, as he puts it, is that he has "been handicapped with a medical education." This he does not mention to most business men because he has found that they look upon doctors as a fine lot of people, perhaps, but woefully lacking in good business sense. And however well grounded that verdict may be in general, this man looks upon himself as a potential business man who happens to have a medical education.

I suspect that a lot of managerial talent is hidden under some unfamiliar title or operating in some non-industrial field. But before we whip the present emergency, we're going to need it all, where it will do the most good. The capacity to get things done is still our major bottleneck. W.C.



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THE TREND

WHAT TO EXPECT ON TAXES

In wartime, taxation has a triple function: First, to collect revenues, and thus help defray the increased operating expenses of the federal government; second, to distribute the war burden equitably, and thus prevent profiteering; third, to take buying power out of the hands of ultimate consumers, and thus cut down the possibility of inflation.

To date, the Washington legislators have been concerned primarily with Items 1 and 2. They have endeavored to increase both individual and corporation tax rates and to boost the excess profits levies. In this way, they hope to collect revenues and to recapture any excessive earnings deriving from the defense effort.

• But, as we learned from the last war, such unscientific procedure will not prevent an inflationary price rise. During wartime, the workers of a nation concentrate their energies more and more on defense production. And for each tank, or plane, or warship produced, wages, salaries, and dividends are paid. These wages, salaries, and dividends represent purchasing power, which is available for the purchase of goods—automobiles, refrigerators, clothes, house furnishings, new homes.

Now if the supply of automobiles, refrigerators, clothes, house furnishings, new homes, and so on is unlimited, then there is no problem. People can take their earnings and spend them, and that's that. However, in wartime, civilian supply oftentimes does not come up to civilian demand. Production of consumer goods is restricted by the requirements of the defense effort. So certain types of goods are inadequate; demand exceeds the supply; people with money bid for the scanty supply of merchandise and prices rise. And our government is anxious to guard against that.

• A pay-as-you-go system of taxation would automatically avert inflation; but that's too astringent, politically and economically. The citizens would defray the cost of the war while it's being fought. For every dollar of tanks produced there would be a dollar of taxes collected. The budget would balance.

But governments usually collect only part of the war costs in taxes; the rest they borrow. And the net result is that the volume of purchasing power in the hands of potential purchasers of goods is larger than the supply of consumer goods for sale. That means inflation—unless steps are taken to remove from the potential purchasers of goods their excess capacity to buy.

So far, the government has tried to sell savings bonds, and in that way get consumers to part with purchasing power. However, the probability to date is that not many consumers have bought government bonds with money they would otherwise have spent. At least some of the purchasers of defense bonds simply shifted to government bonds cash which might have been deposited in savings banks and would have gone for government obligations any way.

Now, of course, Leon Henderson's Office of Price Administration and Civilian Supply is trying to keep prices down—by regulation. But all the regulation in the world does not alter the fact that the government is spending some \$5,000,000,000 more this year and probably \$10,000,000,000 more next year than it takes in. In other words, the government is priming purchasing power at the same time that production of consumer goods is limited.

• Ideally, any tax program ought to be designed with that in mind; ideally, OPACS and OPM officials should get together and work out a schedule of consumer goods that will be or that they think should be in short supply. Then they could establish high taxes on such goods, and in that way accomplish two things: (1) cut down consumer demand for that type of product and (2) increase government revenues. Both Mr. Henderson and Reserve Board Chairman Eccles have proposed high levies on automobiles and other consumer durable goods.

But any such scientific analysis of the tax problem—combing the list for consumer products which will get in the way of defense—is unlikely. Tax bills are not drawn up that way. Legislators like to get the revenues as easily as possible, with a minimum repercussion from the voters. That's why there is always such reluctance to broaden the personal income tax base. Last year's reduction in the exemptions from \$2,500 to \$2,000 for married people, and from \$1,000 to \$800 for single persons was a major achievement. But a recurrence is unlikely. Instead, Congress is likely to revert to the policy of the last war, when the big tax burden, as the following table shows, was shouldered onto corporations:

	Personal Income Taxes	Corporation Taxes
1914.....	\$41,046,000	\$39,145,000
1915.....	67,944,000	56,994,000
1916.....	173,387,000	171,805,000
1917.....	795,381,000	2,142,446,000
1918.....	1,127,722,000	3,158,764,000
1919.....	1,269,630,000	2,175,342,000
1920.....	1,075,054,000	1,625,235,000

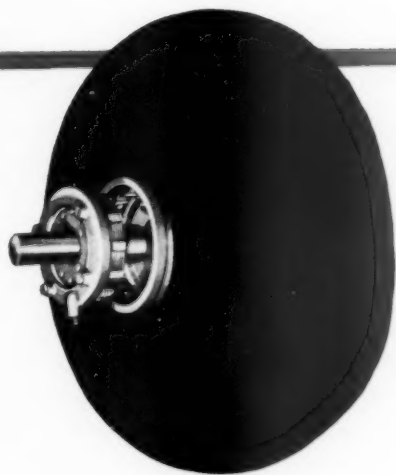
• Current proposals to boost both normal and excess profits levies bear out this congressional predisposition to let the corporation pay. But there is another reason, too. Since the World War, personal income taxes have advanced more than corporation levies. For instance, in 1940, individual taxes amounted to an estimated \$1,600,000,000, or 26% higher than their World War peak; corporation levies, on the other hand, were around \$2,300,000,000, or 27% under their 1918 high. Thus, relative to World War taxation, Washington will see more room for expansion in corporation taxes than in personal levies. That's worth bearing in mind in trying to anticipate the trend in taxation during a long-drawn-out war.

The Editors of Business Week

Business Week • June 28, 1941

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Week

1941

What's New?

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Press the back, and this aspirin tin snaps open...no more broken fingernails! Simpler than a safety-pin and as convenient, it won first prize in the 1940 All-America Packaging Competition. We make it.

This!

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